Survey
of Current Affairs

Vol 21 No 1 January 1991

Foreign &
Commonwealth
Office

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Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by HMSO

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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

External Affairs and Defence

The Gulf Conflict

Following Iraq's refusal to leave Kuwait in conformity with United Nations Security Council resolutions, British, United States and other allied air forces launched attacks on military installations and other strategic targets in Iraq and Kuwait on 17 January.

United Nations Security Council resolution No 678, passed in November 1990 (see p 421, 1990), requested Iraqi withdrawal from Kuwait by 15 January, failing which authority was given to use all necessary means to enforce such a withdrawal.

Despite intensive diplomatic efforts, Iraq refused to withdraw from Kuwait. A meeting between the United States and Iraqi foreign ministers proved fruitless, as did a visit to Baghdad by the UN Secretary-General, Sr Perez de Cuellar. Iraq also refused to meet representatives of the European Community (see p 5).

Britain's support for the use of force was reaffirmed by the Prime Minister, Mr John Major, in a House of Commons debate on 15 January and in a special statement given to the House on 17 January.

On 17 January, the United States President, Mr George Bush, said that the military action was being undertaken in accordance with United Nations resolutions and with the consent of the United States Congress. It had followed 'months of constant and virtually endless diplomatic activity on the part of the United Nations, the United States and many, many other countries'. Iraq, however, had remained intransigent and had failed to comply with the will of the United Nations. Mr Bush stressed that the goal of the operation was not the conquest of Iraq but the liberation of Kuwait. The air attacks on Iraq were designed to destroy Iraq's nuclear bomb potential, chemical weapons, artillery and tanks.

PRIME MINISTER'S STATEMENT

Addressing the House of Commons on 17 January (*Hansard*, Vol 183, No 36, cols 979-96), Mr Major announced that aircraft of the multinational force had begun attacks on military targets in Iraq on 16-17 January at about midnight Greenwich mean time. He said that the action, authorised under UN Security Council resolution No 678, was taken after extensive consultation with the principal allied governments and only after the failure of diplomatic efforts to persuade Iraq to withdraw from Kuwait.

Mr Major explained that continuing attacks were being directed at Iraq's military capability, particularly airfields, aircraft, missile sites, nuclear and chemical facilities and other military targets. Reports so far received had suggested that the attacks were successful, with few allied aircraft losses. He added that allied pilots had been instructed to avoid causing civilian casualties so far as possible.

Britain's objectives, reaffirmed Mr Major, were those set out in the UN Security Council resolutions. They were the complete withdrawal of Iraq from Kuwait, the restoration of the legitimate government, the re-establishment of peace and security in the area and the upholding of United Nations authority.

Mr Major said that only with the greatest reluctance and as a last resort did he accept the use of force against Iraq. President

Saddam Hussein's intransigence had left no other option. The international community had no quarrel with the people of Iraq and hoped for a speedy end to hostilities. However, Mr Major stressed that military action would continue until Iraq withdrew totally from Kuwait.

Opposition View

The leader of the official Opposition, Mr Neil Kinnock, said that the Iraqi invasion of Kuwait on 2 August 1990 (see pp 277-80, 1990) had been the first act of warfare. Although he wished that the combined pressures of economic sanctions and military readiness could have been employed for a longer period, he expressed his complete support for Britain's forces now fighting in the Gulf.

Mr Kinnock considered that after the conflict the wider problems of peace, justice and stability in the Middle East should be addressed through the United Nations as quickly as possible.

PARLIAMENTARY DEBATE

Government Statement

Opening the debate on 15 January (*Hansard,* Vol 183, No 34, cols 734-825), the Prime Minister, Mr John Major, acknowledged the concern in Parliament and in the country about the situation in the Gulf as the expiry of the United Nations deadline of 15 January for an Iraqi withdrawal from Kuwait approached. The crisis had been brought about by Iraq's illegal invasion and its refusal to implement the resolutions of the UN Security Council.

Regarding diplomatic and military developments since the second parliamentary debate about the Gulf crisis on 11 December 1990, Mr Major said that he had visited allied countries in the Middle East, the United States and France for discussions and had spoken with the UN Secretary-General. The Foreign and Commonwealth Secretary, Mr Douglas Hurd, had similarly visited the Middle East and had remained in contact with Britain's European Community partners.

Mr Major said that since the Iraqi invasion on 2 August 1990 the international community had collectively and repeatedly called on Iraq to withdraw from Kuwait. The UN Security Council had passed 12 resolutions to that effect and there had been visits and appeals to Saddam Hussein by international statesmen from many countries. Most recently, the United States Secretary of State and the Iraqi Foreign Minister had met in Geneva and the UN Secretary-General had met Saddam Hussein (see p 7).

Rather than reversing its aggression, Mr Major said, Iraq had continued to reinforce its forces in and around Kuwait. These forces now comprised nearly 600,000 troops, more than 4,000 tanks and more than 3,000 artillery pieces. Contrary to international agreements, Iraq had produced and threatened to use both chemical and biological weapons. A nuclear weapon was also under development.

The Prime Minister recalled that Iraq had constantly changed the pretexts given for its invasion of Kuwait. At various times Iraq had accused Kuwait of depressing the world price of oil, of failing to compensate Iraq for lost revenues and of occupying territory on Iraq's border. Iraq's later claim to have responded to an appeal for support from a new Kuwaiti Government after a coup d'état was followed by the Iraqi annexation of Kuwait.

He continued: 'It was even suggested that Kuwait had been attacked because it posed a threat to Iraq's security—a notion so absurd that the whole world dismissed it with contempt . . . Finally, we were told, least credibly of all, that the purpose of the invasion had been to bring about a peaceful settlement of the Palestinian question. In my discussions in the Gulf, I have found that non-Iraqi Arab leaders are particularly contemptuous of that excuse.' Iraq's action, said Mr Major, had in fact made a settlement of this problem more difficult. Only when Iraq had withdrawn from Kuwait could efforts to find a solution resume.

Intimidation, torture and murder of the Kuwaiti people had continued without respite under Iraqi occupation. Referring to a report by Amnesty International (see p 8), Mr Major said: 'This is literally horrifying, a tale of unbelievable and sickening cruelty since last August. Those who caution delay because they hate war ... must ask themselves this question: how much longer should the world stand by and risk these atrocities continuing in Kuwait?'

Kuwait had been looted by Iraqi forces, said the Prime Minister, and there had been a 'systematic effort to change populations, to expunge records and to erase national identity itself'. Only 250,000 Kuwaitis, out of a population of 700,000 in August 1990, now remained in the country. He added: 'What we are witnessing in Kuwait is an attempt to eliminate an entire state by a dictator who has shown himself to be a thorough force for evil in his actions over recent years.'

Despite Iraq's actions, Britain and its international partners had maintained efforts to find a peaceful solution on the basis of the full implementation of the United Nations resolutions. However, said Mr Major, the Iraqi Foreign Minister had shown no flexibility in talks with the US Secretary of State in Geneva and had rejected an invitation to meet with the European Community. The subsequent peace efforts in Iraq by the UN Secretary-General were also 'crudely and brutally brushed aside'. Mr Major said that he had been informed by the Secretary-General that Saddam Hussein had shown no willingness to comply with UN demands 'either now or in the future'. Recognising that Iraq had threatened to involve Israel in the crisis, the Prime Minister hoped that the Israelis would continue to show restraint.

Mr Major stressed that only the complete implementation of the UN Security Council resolutions by Iraq would be acceptable. He continued: 'No one, anywhere, can claim that the international community has not tried for peace. If it turns out that we have failed, we have failed only because Iraq has rejected every attempt to reach a diplomatic solution.'

Although sanctions had caused widespread dislocation of Iraq's economy, Mr Major considered that they would not succeed in effecting a withdrawal from Kuwait by the United Nations deadline, or for a long time after that. Giving sanctions more time, he said, would allow Iraq to continue to extinguish Kuwait and to reinforce its defences against allied troops. 'Because sanctions are not having their intended effect, we would ... in practice be extending the deadline for Iraq's withdrawal while relaxing pressure on Iraq to comply.'

Continuing, Mr Major said that there were crucial principles at stake which had to be upheld. Iraq's actions against Kuwait were 'in the simplest and clearest terms, just plain wrong and unforgiveable'. If Iraq were to gain from its aggression against Kuwait, other small countries with larger and potentially hostile neighbours would be likely to face similar dangers. He also believed that the failure to secure Iraq's withdrawal would have grave implications for the balance of power throughout the Middle East. With the acquisition of more devastating weapons and a growing appetite for conquest, Iraq would pose a greater danger in the future. Mr Major expressed particular concern that the recent establishment of greater respect and authority for the United Nations would be jeopardised should Iraqi aggression be allowed to succeed.

The Prime Minister reiterated that if Iraqi forces voluntarily withdrew into Iraq they would not be attacked there. Given the scale of the multinational forces ranged against Saddam Hussein, however, the consequence of failing to withdraw would be the 'destruction of his armed forces and great damage to his country'.

Concluding, Mr Major emphasised: 'We do not want a conflict. We are not thirsting for war, but if it comes I believe that it would be a just war. However great the costs of such a war might be, they would be less than those that we would face if we failed to stand up for the principle of what is right, and to stand up for it now. I believe that if Iraq does not withdraw, the time has come to make a stand.'

Opposition Views

The Leader of the official Opposition, Mr Neil Kinnock, said that the will of the United Nations had to prevail and that Iraq had to quit Kuwait completely and unconditionally. If at all possible it would be best for these objectives to be obtained by giving sanctions and the blockade of Iraq maximum time to take effect. Nevertheless, force would have to be used if the objectives of the United Nations could only be achieved in this manner.

Mr Kinnock stressed that there could not be any international conference on the Middle East while the occupation of Kuwait continued. By maintaining his aggression Saddam Hussein was blocking international

action for the Palestinian people. The convening of a conference in return for a promise to consider withdrawal from Kuwait would mean that Saddam Hussein would keep intact his conventional, biological and chemical weapons and continue developing nuclear weapons. His aggression and his threat to the region had to be reversed.

Commenting on the position of the UN, Mr Kinnock said that its authority was at stake. If its writ did not run in the Gulf, it would never be able to deter violence, and other aggressors would be able to act with greater impunity.

Mr Kinnock argued that 15 January should not be regarded as the date of ultimatum, as all efforts short of war should be exploited for as long as possible before force was used as a matter of last resort. If British forces were engaged, the Opposition's support for them was 'natural, clear and total'.

The Liberal Democrat leader, Mr Paddy Ashdown, said that there could be no dilution of the terms of the UN resolutions without affecting the authority of the UN and undermining the primacy of international law. If every last desperate effort at peace failed, Britain had to be prepared to use force to uphold this authority. The aims of such an operation could not extend further than the terms of the UN resolutions, namely the freedom of Kuwait. A future peace had to be based on a broad Middle East conference carried through under UN auspices.

Government Reply

Winding up for the Government, the Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that if there was a war, Britain's aims were to get Iraq out of Kuwait, restore the legitimate Kuwaiti government and uphold the collective security and authority of the United Nations. There was no intention to dismember Iraq or to impose on Iraq a government of the West's choice.

On the question of negotiations between Iraq and Kuwait as called for in Security Council resolution No 660 (see p 278, 1990), Mr Hurd pointed out that these could only take place between two governments which controlled their respective states. It was not justifiable to expect a government in exile to negotiate with people occupying its territory.

Turning to the question of the Arab-Israel dispute, Mr Hurd said that once Iraq's aggression had been reversed it would be possible and necessary to return to the other problems of the Middle East. Britain supported self-determination for the Palestinians and a dialogue between Israel and representative Palestinians; it also believed that an international conference was the right forum for negotiations between all the parties concerned. Mr Hurd added: 'Iraq's recent aggression makes it much more difficult, for the time being, to work towards a settlement of the Arab-Israel dispute, but once Iraq is out of Kuwait we shall have to return to this, and we shall have to bring fresh energy and imagination to the issue. Fresh thinking will be needed from the Arab states, which are still technically at war with Israel, by the Palestinians, by Israel and by the international community.'

Mr Hurd said that there was no evidence that sanctions would have a decisive effect on Saddam Hussein's armed forces and hence force Iraq to withdraw from Kuwait. If action was not taken within the foreseeable future, Saddam Hussein would not believe in a military option. Moreover, if sanctions had not worked after a year or so, Iraq would remain in Kuwait intent on more plunder, torture and killings.

Dealing with the argument that there were other acts of repression and injustice in the world, Mr Hurd said that, although it was right to look for answers to these problems, the world had been faced with a clear, abrupt act of aggression on 2 August 1990. He continued: 'I cannot understand how it can be argued that that act of aggression should go unredressed because there are other injustices in the world.'

Concluding, Mr Hurd pointed out that, although peaceful means had been used for more than five months, Saddam Hussein had refused to discuss or even admit the need for withdrawal from Kuwait. He added: '... if we want a safe world we must accept the principle that a small, peaceable state cannot be obliterated, that aggression must be reversed and that, in part, our safety depends on the safety of others'. Since Saddam Hussein had shown no interest in withdrawal, the only conclusion was that he preferred war to a

satisfactory and fair solution of these disputes.

BACKGROUND

United States-Iraq Talks

On 9 January, the United States Secretary of State, Mr James Baker, and the Iraqi Foreign Minister, Mr Tariq Aziz, met in Geneva, Switzerland. Mr Baker had emphasised that he did not intend to negotiate, but rather to communicate to Iraq that it must comply with the UN Security Council resolutions or face expulsion from Kuwait by force.

Despite more than six hours of talks the meeting concluded in disagreement. Mr Baker regretted the absence of 'any Iraqi flexibility whatsoever'. He added that, if the occupation of Kuwait continued, Iraq would be choosing a military confrontation that it could not win and which would have devastating consequences.

Mr Aziz reiterated the Iraqi contention that withdrawal from Kuwait should be linked to the resolution of the Palestinian question. He denied that the Iraqi Government had made miscalculations over the Gulf crisis. Iraq was prepared for hostilities, said Mr Aziz, adding that Iraq would attack Israel if it was itself attacked.[1]

On 12 January, the United States Senate and the House of Representatives adopted resolutions approving the use of military force against Iraq if it did not withdraw from Kuwait by the United Nations deadline.

UN Secretary-General's Visit to Baghdad

On 12 January, the UN Secretary-General, Sr Perez de Cuellar, arrived in Baghdad in a final attempt at mediation with Iraq. Britain welcomed the Secretary-General's mission. 'It is worth a try ...' said Mr Hurd, 'because after all, Perez de Cuellar goes representing not just one country but all of us—the United Nations—and I would say the hopes for collective security, so there is a chance.' The Secretary-General met with President Saddam Hussein on 13 January to explore any remaining prospects for a peaceful solution, but his efforts to influence the Iraqi position proved unsuccessful. On 14 January, while in Paris for talks with the French Government, Mr Major said that he regretted the outcome of the Secretary-General's mission to Iraq and that it was difficult to see what further diplomatic initiatives for peace could be undertaken.

President Saddam Hussein maintained his defiance of the UN Security Council resolutions, stressing that Iraq would not capitulate. On 13 January, he said that the crisis was 'no longer an issue about a governate and a part of Iraq; it has become a symbol of the whole nation, and a symbol of a confrontation and an area of honour'. The Iraqi forces were, he claimed, ready for sacrifice and confrontation. The Iraqi National Assembly voted on 14 January to grant authority to President Saddam Hussein to exercise full powers for the defence of Iraq.

United Nations Statement

A final call for peace was issued on 15 January by the UN Secretary-General.

His appeal was issued after Security Council discussions failed to reach agreement on a new peace initiative. The Secretary-General said that the world stood poised between peace and war and appealed to Saddam Hussein 'to turn the course of events away from catastrophe and towards a new era of justice and harmony based on the principles of the UN Charter'. He urged Iraq to begin without delay its total withdrawal from Kuwait and assured the Iraqi Government that once this process was underway its forces would not be attacked by the international coalition.

European Community Statements

The European Council, meeting in Rome on 14 and 15 December 1990 (see pp 13-14), reaffirmed the European Community's commitment to the implementation of the UN Security Council resolutions in a declaration on the Gulf crisis. The conditions for a peaceful solution remained the complete withdrawal of Iraqi forces and the restoration of Kuwaiti sovereignty and of its legitimate government. The international community

[1] On 18 January, seven Iraqi Scud missiles struck Israel. Mr Hurd told the House of Commons that Britain condemned 'this outrageous attack on Israel's civilian population' and regarded it as a 'reckless ploy to widen the conflict'. Noting that Israel had the right of self-defence, Mr Hurd added that 'restraint by Israel at this time would be interpreted as strength not weakness'.

was determined to ensure the full restoration of international legality.

While welcoming Iraq's decision to release all foreign hostages (see p 422, 1990), the Council expressed concern at Iraq's failure to withdraw its forces, at its oppressive occupation of Kuwait and at its attempt to destroy the fabric of the country.

On 4 January, Community foreign ministers requested that their President invite the Iraqi foreign minister to a meeting in Luxembourg on 10 January. This invitation to talks was turned down by Iraq.

North Atlantic Treaty Organisation Statement

Meeting on 17 and 18 December 1990 (see p 10), the North Atlantic Council condemned Iraq's 'persistent contempt' for the resolutions of the UN Security Council. Iraq's behaviour jeopardised 'the unprecedented opportunity for the United Nations to realise the original vision of its role in promoting global peace and stability'. The statement stressed that it was the responsibility of the Iraqi Government to ensure peace by complying fully with the mandatory UN decisions.

Recognising the potential threat that the Gulf crisis posed to Turkey, as the only North Atlantic Treaty Organisation (NATO) country having common borders with Iraq, the Council confirmed that an armed attack against one member of the Alliance would be considered an attack against them all.

In response to a request from the Turkish Government, it was announced on 2 January that elements of NATO's Allied Command Europe Mobile Force would be deployed to bolster Turkey's south-eastern defences. The deployment, consisting of aircraft from the Belgian, German and Italian air forces, took place between 6 and 10 January.

Gulf Co-operation Council Summit Meeting

Following a Supreme Council meeting in Qatar, leaders of the six states of the Gulf Co-operation Council—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates—issued a communiqué on 25 December 1990 calling on Iraq to begin withdrawing its troops from Kuwait immediately and unconditionally so that the Kuwaiti Government might be restored by 15 January. They also held Iraq responsible for paying compensation to Kuwaiti government establishments, banks, public and private institutions and companies and to Kuwaiti and other nationals who had suffered losses as a result of Iraqi aggression.

Amnesty International Report

On 19 December 1990, Amnesty International released a comprehensive report on human rights violations in Kuwait since the Iraqi invasion. The report, based on medical evidence and on interviews with victims and eyewitnesses, was submitted to all members of the UN Security Council and to the Iraqi Government. Hundreds of people, it stated, had been tortured and killed, including premature babies in Kuwaiti hospitals, and many thousands imprisoned under the Iraqi occupation.

Most of the abuses detailed in the report took place in the first three months after the invasion, when dissent among Kuwaitis and other nationals was widespread and its suppression ruthless. Such abuses perpetrated by Iraqi forces in Kuwait 'have been the norm for people in Iraq for more than a decade'.

In a statement issued on 19 December 1990, the British Government said that returning British nationals had confirmed accounts of Iraqi brutality in Kuwait.

Western Security

The Atlantic Alliance, the Western European Union and the European Community had to be involved in the debate on the future of European security in the 1990s, said the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in a speech made in December 1990.

Security

Speaking in Berlin on 10 December 1990, Mr Hurd said that, while co-operation was growing fast between the countries of the East and West, security could not be neglected. The kind of security needed was being debated in the North Atlantic Treaty Organisation (NATO), the Western European Union (WEU) and the European Community.

Although the old threat of massive military invasion from the East had faded there was still a need for insurance against risk. Mr Hurd argued that it was 'deeply unhistorical to suppose that Europe will live without danger from now until the end of time'; even after the full implementation of the Conventional Armed Forces in Europe Treaty (in 1995, see pp 419-20, 1990), 'the Soviet Union ... will still be the largest military power in Europe, having more tanks in Europe ... than all nine members of the Western European Union combined'.

Beyond Europe

The Foreign and Commonwealth Secretary pointed out that, beyond Europe, the decline in the threat from the East did not mean the end of all threats to Western interests. On the contrary, it had been seen in the Gulf how 'a medium-sized country, combining modern weaponry and old-style military aggression, can pose a threat to which all the world feels it necessary to respond and we will clearly have to pay more attention in future to the risks arising beyond Europe'.

The Value of NATO

The best basis for Western defence in the 1990s, Mr Hurd said, would be the Alliance between North America and Western Europe. As it was not only the key to their success in security but also in the management of the trading and financial system and in the development of the European Community, it could not be allowed to evaporate. Since European security without the United States did not make sense, US forces on the continent had to be welcomed. What was needed was 'a single collective structure based on multinational units comprising both American and European forces'. If the United States was to stay in Europe, a nuclear as well as a conventional element was required, although both could and should be at a much reduced level. A reduced US presence implied a greater responsibility and a more distinct role for the European members of the Alliance.

The United States too would also correctly insist on a more coherent European pillar to the Alliance. 'An Alliance of equals', Mr Hurd continued, 'presupposes a willingness to consult as equals. That means we must all take account of each other's thinking before reaching final positions.'

Within that framework, there was scope for significant force reductions; a different organisation of forces, through multinational units, which could be based in several countries rather than only in Germany; and adaption of nuclear doctrines and forces. In addition to changes in the collective command arrangements, there was also a need for a closer, more structured relationship between NATO and its Eastern neighbours and for a stronger European identity in security.

European Community

Mr Hurd pointed out that members of the European Community already discussed some aspects of security policy in the Conference on Security and Co-operation in Europe (CSCE), plus arms control and the security component of regional problems such as the Middle East. This consultation, he said, could be developed even further to include arms exports and military technology, peacekeeping and the fight against terrorism.

Western European Union

Referring to the existence and potential of the WEU (see pp 355-6, 1987), Mr Hurd said that it had a strong legal basis in the modified 1954 Brussels Treaty, was compatible with NATO, and involved defence as well as foreign ministers.[1] There was a good case for transferring the WEU's organisation to Brussels, from where it could build bridges to the European Community member states as well as becoming truly the European pillar within the Atlantic Alliance. The WEU could also 'bring a clear European view to discussion within the Alliance ... which [it] would help to elaborate in consultation with the United States and Canada'.

[1] Created in 1954 under the modified Brussels Treaty, the WEU was revitalised in 1984 to provide further impetus towards European defence and security co-operation. The WEU co-ordinated its members' naval forces deployed in the Gulf to protect merchant shipping during the Iran-Iraq war in the 1980s; it is also co-ordinating forces of WEU members participating in the multinational military effort in the Gulf. Its members are Belgium, Britain, France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Spain.

To give a more European character to the new force structure of the Alliance, Mr Hurd said that it was worth studying the idea of a rapid reaction force with a strong European component available at short notice for any part of the NATO area; elements of such a force could have a potential role, under the WEU, outside Europe.

Conclusion

One of the big debates of 1991, Mr Hurd concluded, would be how the Europeans were at last 'going to be able to show the world and in particular the United States, that we are capable, competent and willing to organise ourselves coherently in the field of defence'. In addition, they had to look to closer military and political links with Eastern Europe. They wanted to give 'reassurances not just to members of the Alliance but also to our neighbours, who have an increasing vested interest in the West remaining a region of stability and prosperity'.

North Atlantic Treaty Organisation

Progress in adapting policies of the North Atlantic Treaty Organisation during a period of economic and political change in Europe was highlighted in a communiqué issued by foreign ministers of the North Atlantic Council, which met in December 1990.

The foreign ministers of the 16 members of the North Atlantic Treaty Organisation (NATO) met in Brussels on 18 December 1990. They also published a statement on the Gulf (see p 8).

NORTH ATLANTIC COUNCIL MINISTERIAL COMMUNIQUE

The following communiqué is slightly abridged and headings have been added:

Moving Forward from the London Declaration

In the months since the London Summit [see pp 237-9, 1990] *we have made important steps towards our goal of a just and lasting order of peace in Europe* [see pp 339-40 and 417-20, 1990]. *As co-operation based on greater freedom and democracy has replaced competition and ideological confrontation, our vision of a Europe whole and free is being realised.*

Having worked to overcome past divisions, our countries must now direct their efforts to avoiding grave economic disparities becoming the new dividing lines on the continent ....

Role of NATO

The Alliance remains essential and has a vital role to play. Mindful that we face many challenges ahead which transcend the resources of either Europe or America alone, we will focus our major long-term efforts on:

– *sustaining the enduring principles and benefits of our transatlantic partnership, including those that flow from our collective defence, while our Alliance adapts to new circumstances and new opportunities;*

– *continuing to provide the indispensable basis for the security of our member states, and thereby the foundation of an environment of stability and co-operation in which democracies can flourish;*

– *expanding our active search for a co-operative approach to security;*

– *helping to construct a new Europe in which all peoples will be able to share in the benefits of a more secure and prosperous peace;* [and]

– *ensuring that the Allies can successfully meet new challenges to security from any quarter.*

Today more than ever before, security and stability cannot be achieved by military means alone. Therefore, as we pursue these tasks, we will continue to enhance the political component of our Alliance, as foreseen in Article 2, as well as in Article 4, of the Washington Treaty.[1] *The Alliance will be essential both as the link between the security of North America and that of Europe and as a framework for broad co-operation among ourselves.*

We have given further impetus to our efforts to adapt to a radically altered security environment, consistent with the mandate for a transformed North Atlantic Alliance that was set out in the Turnberry Communiqué [see pp 199-203, 1990] *and affirmed in the London Declaration .... To keep the peace the Alliance must maintain for the foreseeable future an appropriate mix of nuclear*

[1] This treaty established NATO in 1949.

and conventional forces at the lowest levels consistent with our security needs.

Future Dangers

The risks that Allies now face in Europe arise less from a likelihood of deliberate aggression against Allied territory by former adversaries, than from the unforeseeable strategic consequences of instabilities that might emerge in a period of rapid and widespread political and economic transformation. Even in a non-adversarial relationship, prudence requires NATO to counterbalance the Soviet Union's substantial residual military capabilities. Neither can we exclude that risks to Allies' security arise from elsewhere. In the midst of change, our solidarity in support of the indivisibility of security of all member countries remains fundamental to our Alliance.

Atlantic Security

The adaptation of our Alliance to new circumstances will include enhancing the role of the European Allies with a view to ensuring a full and equitable sharing of leadership and responsibilities between Europe and North America. All Allies agree that the foundation of European stability and security will continue to be a strong and viable North Atlantic Alliance which requires the continuing active political engagement and significant military presence of the North American democracies in Europe. A European security identity and defence role, reflected in the construction of a European pillar within the Alliance, will not only serve the interests of the European states but also help to strengthen Atlantic solidarity. In this context, and as this process evolves, we will consider how the political and military structures of the Alliance must be adapted accordingly.

European Integration

We support current efforts to strengthen the security dimension in the process of European political integration, and recognise the importance of the recent decisions of the European Council in Rome [see pp 13-14] *. We emphasise ... the importance of safeguarding complementarity and transparency between the two processes of the adaptation of the Alliance and of the development of European security co-operation.*

Arms Control and Disarmament

The Allies' arms control and disarmament efforts are the expression of our readiness to increase common security through measures adopted jointly with other States. To that end, we are agreed on the following steps:

– *We will seek full implementation by all parties of the CFE* [Conventional Armed Forces in Europe] *Treaty, and in particular the timely resolution by the Soviet Union of serious problems relating to data and Treaty interpretation, which is an essential condition for early ratification of the Treaty. We will ensure due co-ordination of national verification efforts through new Alliance bodies.*

– *Pursuant to the mandate of the CFE negotiations, we will propose new measures aimed at further strengthening security and stability, including measures to limit the personnel strength of national conventional armed forces and thereby further restrain offensive capabilities within the area of application.*

– *Building upon the adoption by members of the CSCE* [Conference on Security and Co-operation in Europe] *process of new confidence- and security-building measures* [CSBM] *to supplement and extend the Stockholm document of 1986* [see pp 317-19, 1986] *we will continue the CSBM negotiations in conformity with the mandate for these talks, to contribute further to stability and openness.*

– *Looking further to the future the Alliance will continue to explore broader arms control and confidence-building opportunities. Within the Alliance the work of the High Level Task Force will be intensified in preparation for the discussions and consultations among the 34 states participating in the CSCE with a view to the opening—after the Helsinki Follow-up Meeting in 1992—of new negotiations on arms control and confidence-building measures involving all CSCE member states which wish to take part* [see p 238, 1990].

– *As a matter of priority, we will call for the resumption of negotiations with a view to the conclusion of an Open Skies agreement* [see p 207, 1990]. *Furthermore, we will work towards establishing an aerial inspection regime in the framework of the CFE Treaty.*

– *The Special Consultative Group of those Allies concerned, in accordance with the objectives set out in the London Declaration, will continue its preparations for negotiations between the United States and the Soviet Union on the reduction of their short-range nuclear forces* [see p 202, 1990].

– *We support the efforts of the United States towards the conclusion as soon as possible of a START* [strategic arms reduction talks] *Treaty reducing US and Soviet offensive strategic nuclear arms on the basis agreed at the Washington Summit of June 1990* [see pp 203-4, 1990].

– *A global, comprehensive and effectively verifiable ban on chemical weapons remains an item of the highest priority on the arms control agenda of the Allies* [see pp 276-7, 1990].

– *In the field of biological weapons, all Alliance members are party to the 1972 Biological and Toxic Weapons Convention and will play an active part in its Third Review Conference in September 1991 with the aim of strengthening the authority of the Treaty.*

Further Progress in Constructing a New Europe

Security and co-operation in the Europe of tomorrow can best be achieved by a framework of interlocking institutions in which the interests of all European states can be accommodated. The three key elements of the European architecture are the Alliance, the process of European integration and the CSCE. Each has its own purpose but complements the others. Our Alliance will provide an essential underpinning to this architecture, guaranteeing the transatlantic dimension of security, providing effective defence for all the Allies, and contributing to an environment of stability in which democratic institutions can be firmly rooted.

A Strengthened CSCE

We will continue to work, together with all participating states, in making the CSCE process increasingly effective, by making practical use of close consultations within the Alliance. By promoting the principles and provisions of the Helsinki Final Act and subsequent CSCE documents, and by creating a network of institutions binding together the countries of Europe and North America, a strengthened CSCE can encourage a new quality in the security relations of all CSCE states. As a result of the measures adopted at the Paris Summit, the CSCE will provide forums for regular consultation and conflict prevention in which member countries of the Alliance can work with other participating states to enhance further democracy, prosperity and stability. Regional co-operation initiatives in Europe will also be beneficial to this end. In this connection, stability must embrace not only traditional security aspects, but also economic, social, environmental and other factors.

Co-operation and Assistance

At our London Summit, we extended to past adversaries the hand of friendship in an effort to build new partnerships with all the nations of Europe. Working individually and in concert, Allies have begun a special effort to develop a new co-operative relationship with the Soviet Union and the other states of Central and Eastern Europe in order to help them continue on their path towards political change and economic reform.

Soviet Union

The Soviet Union has demonstrated its determination for change and has undertaken a fundamental reassessment of its security requirements. We agree on the importance of the process of political and economic reform in the Soviet Union, which should also lead to the integration of its economy into broader patterns of international economic co-operation. We are prepared to see the scope of economic co-operation substantially widened in appropriate forums to assist that effort. We agree that each of us should further explore actively the possibilities for well-directed co-operation and timely assistance.

We reaffirm the wish expressed at Turnberry that the problems accompanying the difficult internal transition of the Soviet Union be solved in a constructive manner and to the satisfaction of all concerned. In this context, we support the expectations and legitimate aspirations of the Baltic peoples. We call on the Soviet authorities to continue to seek, through just and open dialogue with the democratically elected leaders of the three Baltic republics, a negotiated solution based on the principles of the Helsinki Final Act, and for all concerned to exercise restraint [see p 203 footnote, 1990].[1]

Central and Eastern Europe

We welcome the achievements of the reforms now under way in most countries of Central and Eastern Europe and the determination of their democratic governments to pursue their reform policies further. But we are also aware of the difficulties they are

[1] In January the local Soviet commander told the governments of the Lithuanian and Latvian republics to abide by the Soviet constitution. Public buildings in the Lithuanian capital, Vilnius, were occupied by Soviet military units, a number of civilians being killed or wounded during the action. Pro-Soviet workers in Estonia called for general strikes to bring down the governments of the three Baltic republics.

facing in this effort. We reaffirm our commitment to assist them, and support the initiatives undertaken in the Group of 24 and through other multilateral channels, in surmounting the problems they encounter in their transition to market-oriented economies.

Dialogue

There can be no security in Europe that is not based upon respect for the legitimate interests of all states. This principle will govern our relationship with the Soviet Union and the other states of Central and Eastern Europe. We intend to build upon the Alliance's diplomatic liaison relationship with these countries. We will deepen our dialogue on security matters through broader and more active exchanges and co-operation on issues of common concern in the spirit of our Message from Turnberry ....

Albania

We look to the eventual spread of democratic freedoms to the people of Albania and hope that attempts at reform in this country will bear fruit.

Meeting New Challenges

The proliferation of weapons of mass destruction and the spread of destabilising military technology have implications for Allies' security and illustrate that in an ever more interdependent world, we face new security risks and challenges of a global nature [see pp 180-1, 1990]. *Consistent with the Washington Treaty and the United Nations Charter, we shall consult closely in addressing such developments. Where they pose a threat to our common interests, we will consider what individual or joint action may be most appropriate under the circumstances.*

The demands of the Gulf crisis, on which we have issued a separate statement, have confirmed the value of Alliance mechanisms for consultation pursuant to Article 4 of the Washington Treaty ....

European Council

The main issues discussed at the European Council meeting in Rome on 14 and 15 December 1990 included European political union, aid to the Soviet Union, international trade, the Gulf crisis and South Africa.

PRIME MINISTER'S STATEMENT

The Prime Minister, Mr John Major, made a statement on the European Council to the House of Commons on 18 December 1990 (*Hansard*, Vol 183, No 30, cols 157-8).

Political Union

Mr Major said that the Council reached agreement on a list of items for consideration at the intergovernmental conference on political union. They included Britain's proposals for closer co-operation on foreign and security policy, improved implementation of European Community decisions, a role for national parliaments in the affairs of the Community, better financial accountability and observance of the principle of subsidiarity (see p 167, 1990). He emphasised that the conclusions of the Council did not constrain or prejudge the intergovernmental conference's decisions, which had to be reached by unanimity.

Soviet Union and Eastern Europe

It was the Community's aim, said the Prime Minister, to support the economic reforms which the Soviet Government was introducing and to help the Soviet Union make proper use of its own resources. The Council therefore agreed to provide technical assistance to particular sectors of the Soviet economy, notably food distribution. The Council also endorsed the aim of energy co-operation with the Soviet Union.

Mr Major said that the Community would provide substantial food aid [up to £500 million] to the Soviet Union to meet its short-term needs. Britain sought guarantees that such aid would reach those for whom it was intended and that it would not undermine efforts to make Soviet agriculture more responsive to the market.

The Council recognised the difficulties experienced by Eastern European countries as they made the transition to democracy and a market economy while simultaneously coping with higher oil prices and the change to hard-currency trading. Mr Major said that the Community would contribute, together with other Western countries and international financial institutions, to meeting their financial requirements and would also pro-

vide emergency aid [up to £70 million] to Romania and Bulgaria.

General Agreement on Tariffs and Trade (GATT)

Regarding the GATT negotiations (see pp 22-3), the Council called on all parties to demonstrate the necessary political will to reach a satisfactory agreement. The European Commission, as the Community's negotiator, would seek to resolve with other participants the remaining problems, particularly the issue of agriculture.

The Gulf Crisis

The Prime Minister said that the Council's statement on the Gulf (see p 8) reaffirmed the Community's commitment to ensuring Iraq's complete withdrawal from Kuwait and the restoration of the legitimate Government. Linkage between Iraqi withdrawal and progress on other Middle Eastern issues was not acceptable.

South Africa

The Council decided to lift the voluntary ban on new investment in South Africa with immediate effect, a move advocated by Britain for many months. Mr Major said that the Community's commitment to lift other restrictive measures as soon as the South African Government took additional liberalisation measures would encourage further reform and political progress in South Africa.

Other Issues

Economic and monetary union was not discussed at the Council on this occasion but Mr Major declared that Britain would soon table draft treaty amendments to give effect to its proposals for a hard ECU [European Currency Unit – see p 383, 1990] and a European Monetary Fund. He recognised that the intergovernmental conferences on political union and on economic and monetary union, having been formally opened on 15 December 1990, would involve difficult discussions. 'But the Government's aim', he concluded, 'will be to work for agreements which are acceptable to this House, and match both Britain's interests and those of Europe as a whole.'

Britain and Overseas Development

Britain's overseas development policy in the 1990s was outlined by Mrs Lynda Chalker, Minister for Overseas Development, in December 1990.

In a debate on overseas development in the House of Commons on 14 December 1990 (*Hansard*, Vol 182, No 28, cols 1235-44), Mrs Chalker said that the key issues for the 1990s were:

– support for effective government policies in developing countries, built around 'open, accountable government and sound economic management';

– tackling specific needs through well-designed and well-managed projects; and

– a commitment to environmental sustainability, combined with a realistic approach to population issues.

Britain was well equipped to respond to the agenda for the 1990s, and had announced plans for gradual continued real growth in its aid programme for developing countries over the next three years (see p 422, 1990). It was also continuing to take the lead in proposing further debt relief for the poorest countries, including the new proposals to reduce by two-thirds the debt owed by these countries to creditor governments (see pp 346-7, 1990).

Poverty and Growth

The attack on poverty, Mrs Chalker said, required sustained economic growth and 'a determination to ensure that the developing world's poor share in the benefits of that growth'. The task of the 1980s had been to restore the basis for economic growth through policy and institutional reform; 62 countries had sought and received assistance for economic reform from the World Bank by the end of 1989. Although international cooperation through the International Monetary Fund, the World Bank and other international financial institutions was essential, the support of bilateral donors was needed too.

Britain's Support

Britain's support was designed to help to persuade countries to adopt sensible policies and to support financially countries undertaking reform programmes. It provided more than £400 million in balance-of-payments assistance to sub-Saharan Africa between 1984 and 1989 and expected to spend around a further £130 million in 1990.

The British Government had also pledged £250 million to the $6,000 million special programme of assistance (SPA) to Africa, co-ordinated since 1987 by the World Bank to help poor countries in Africa which had excessive debt burdens and were pursuing reform programmes. Another SPA was being negotiated, with a target of $8,000 million, and Britain's share would be at least the level of the first SPA.

Reform Programmes

The results of the reform programmes were encouraging, Mrs Chalker said. The annual average growth rate of the SPA countries had risen from less than 1 per cent in the early 1980s to around 3·5 per cent since 1985. For example, in Ghana, which adopted a reform programme in 1983, gross domestic product had grown by 5 per cent a year, real investment by 13 per cent and exports by 19 per cent.

Mrs Chalker said that the reforms helped the poorest by shifting the terms of trade in favour of the rural sector, where most of the poor lived. In addition, an essential part of Britain's approach was to help the poorest people to take advantage of the opportunities which the reforms presented, through, for example, improving female literacy. Britain was contributing £1·5 million in Ghana for non-formal education aimed at improving female literacy, while in Malawi its programmes were helping to increase income-earning opportunities for women and poor urban families.

Effective and Accountable Institutions

Effective and accountable institutions were vital for development, Mrs Chalker continued. Progress towards this could be provided by giving practical assistance to countries committed to better government. Britain is to give electoral assistance to Nepal, and in Uganda it was funding the appointment of judges, training court staff and providing legal text books. It has also given advice to Namibia on parliamentary procedures and on the civil service.

In Bangladesh, Britain was operating through a village network to provide training in management skills and to make available a revolving loan fund for income generation activities. Among other things, British help would establish a self-supporting bank that would help to maintain the programme on a sustainable basis.

The Environment

The problems associated with the environment required a collaborative international effort, Mrs Chalker said, and it was vital that developing countries participated fully. Britain, which was committed to sustainable development (see pp 358-61, 1990), was assisting them to do so. In addition, it would be contributing £46 million to the global environment facility, managed by the World Bank and by UN development and environment programmes. This is designed to help developing countries tackle problems such as climate change and the loss of plant and animal species (see pp 424-5, 1990).

Climate Change

Mrs Chalker stated that it was clear that the developing world was likely to be the first and the worst affected by climate change. The first priority was to help developing countries to understand the threat and plan to deal with it. Britain was assisting Bangladesh to deal with flood problems, hosting in 1989 a major international pledging conference for the Bangladesh flood action plan (see p 462, 1989). It was also financing seminars for ministers from developing countries on the results of the Intergovernmental Panel on Climate Change (see pp 222-3, 1990), as well as offering to finance studies in Kenya and Ghana on the impact of climate change there.

Britain was also helping some developing countries limit their contribution to global warming. Under Britain's energy efficiency initiative, it was identifying a number of developing countries, such as India, the People's Republic of China, Ghana and

Nigeria, for increased assistance, and a grant of £50 million had already been given to India to improve its energy efficiency.

Deforestation

The gravest environmental threat facing the developing world was deforestation, Mrs Chalker stressed. Although the main responsibility for managing tropical forests rested with the countries where the forests grew, Britain was helping these countries by agreeing to spend £160 million on over 200 projects in progress and in preparation. Britain was also calling for reform of the Tropical Forestry Aid Plan (see p 207, 1990), which involved more than 80 tropical countries, to make it 'more open, effective and accountable'. In addition Britain was supporting the International Tropical Timber Organisation, which would be looking at incentives to help developing countries to manage their forests sustainably.

Population Growth

Mrs Chalker warned that, if the world's population continued to grow at its present rate (to double to 10,000 million or more by 2050), environmental resources could not fulfil the world's needs. About 95 per cent of that increase in population would occur in developing countries. Over 40 per cent of couples throughout the world tried to plan whether or not they would have children; 300 million more wanted to do so, but had no access to family planning services. Although there were societies where couples did not want to take action to limit family size, good progress could be made, once the benefits of planned families were well understood.

Women and Population Planning

The role and status of women and their ability to contribute successfully to stable family development were central issues in population planning, Mrs Chalker continued. Women had to have better education and employment opportunities and better health care with high quality services for infertility and sexually-transmitted diseases. Britain was already helping to increase the availability of family planning services in Bangladesh, India, Pakistan and Kenya, as well as working with multilateral population agencies, including the United Nations Population Fund and the International Planned Parenthood Federation.

Other Support

The non-governmental organisations (NGOs), the private sector and the academic community also had a major role in the Government's bilateral work, Mrs Chalker said. In 1990, it agreed a five-year programme to support the Liverpool and London Schools of Tropical Medicine; in 1991, it was meeting major British NGOs to share ideas on population assistance and draw on their experience and strength.

Economic and Scientific Affairs

Taxes and Social Security Contributions

The share of gross national product taken by taxes rose in Britain and most other industrialised countries between 1978 and 1988. In most of the countries analysed the relative importance of taxes on corporate income has remained broadly stable in recent years. That of indirect taxes has increased in Britain and some of the Scandinavian countries but fallen in most other countries.

The November 1990 issue of *Economic Trends*[1] contains an article that compares taxes and social security contributions in 17 member countries of the Organisation for Economic Co-operation and Development from 1978 to 1988 (although complete data are not available for all countries).

[1] Central Statistical Office. HMSO, £10. ISBN 0 11 620413 3.

Table 1

Taxes and Social Security Contributions as a Percentage of GNP at Factor Cost

	1978		1988	
	Percentage	Rank	Percentage	Rank
Denmark	52	3	65	1
Sweden	56	2	63	2
Norway	56	1	57	3
Netherlands	50	4	53	4
France	44	8	51	5
Belgium	47	6	49	6
Austria	49	5	49	7
Federal Republic of Germany	46	7	45	8
Britain	38	10	44	9
Finland	39	9	43	10
Greece	32	13	41	11
Italy	31	14	40	12
Canada	35	11	40	13
Australia	30	16	36	14
Japan	24	17	34	15
Switzerland	32	12	32	16
United States	30	15	31	17

Taxes and Social Security Contributions in Relation to National and Domestic Product

Taxes and social security contributions accounted for 44 per cent of Britain's gross national product (GNP) at factor cost in 1988, placing Britain ninth out of the 17 countries analysed (see Table 1). The percentage had increased in 16 of the countries since 1978, when Britain had ranked tenth with a figure of 38 per cent.

Taxes alone accounted for 36 per cent of Britain's GNP in 1988 (see Table 2), when Britain ranked sixth out of the same 17 countries. In 1978 taxes had comprised a lower proportion of Britain's GNP, at 31 per cent, placing Britain in eighth position.

For 12 countries, estimates for 1988 and preliminary estimates for 1989 are shown for taxes and social security contributions as a percentage of gross domestic product at market prices.

Britain's proportion was 37 per cent in both years, placing it in eighth position in 1978 and tenth in 1989.

Composition of Taxes and Social Security Contributions

The article examines variations between 1978 and 1988 in the relative importance of various taxes by considering their changing share of total taxes and social security contributions.

Over the period nine out of 16 countries experienced a fall in direct taxes on households as a percentage of total taxes and social security contributions. The reduction was sharpest in Britain, where the share fell from 35 per cent to 28 per cent.

The share of direct taxes on corporate income remained relatively stable for the majority of the 15 countries covered. In Britain it increased from 7 per cent to 11 per cent, largely as a result of the growing importance of taxes on profits from North Sea oil.

The share of indirect taxes fell in most of the 17 countries analysed. The sharpest decline was recorded in Denmark, where the figure fell from 42 per cent to 37 per cent. Only in Britain, Finland, Norway and Sweden did the share rise; in Britain it rose from 40 per cent to 43 per cent.

Table 2
Taxes as a Percentage of GNP at Factor Cost

	1978		1988	
	Percentage	Rank	Percentage	Rank
Denmark	51	1	64	1
Sweden	41	3	47	2
Norway	41	2	41	3
Finland	33	6	38	4
Australia	30	10	36	5
Britain	31	8	36	6
Austria	35	4	35	7
Canada	30	9	34	8
Belgium	34	5	33	9
Netherlands	31	7	31	10
France	26	12	29	11
Greece	23	14	29	12
Federal Republic of Germany	29	11	27	13
Italy	19	16	27	14
Japan	17	17	24	15
United States	24	13	23	16
Switzerland	22	15	22	17

In most of the countries the share of social security contributions increased. However, Britain's 1988 figure of 18 per cent was the same as in 1978.

Direct Taxes on Households and Social Security Contributions in Relation to Total Personal Income

In Britain the combined figure for direct taxes on households and employees' social security contributions as a percentage of total personal income was the same in 1978 and 1988, at 17 per cent (see Table 3). In 1978 direct taxes accounted for 14 per cent of personal income and social security contributions for 3 per cent. By 1988 the figures were 13 per cent and 4 per cent respectively. In 1988, of the 12 countries analysed, the combined percentage ranged from 26 per cent in Sweden to 13 per cent in Japan.

Banking Practice

Proposals for improving services offered by banks, building societies and issuers of cash or credit cards are contained in a draft code of banking practice, published on 6 December 1990 by representatives of the banks, building societies and payment clearing services. The code invites comments from the Government and members of the public.

Introduction

The growth of new technology and the expansion of international markets, along with the deregulation of banking services, have led to many changes in the British banking industry. In the light of these developments, in January 1987 HM Treasury and the Bank of England established the Review Committee on Banking Services Law. Under the chairmanship of Professor R. B. Jack, the Committee investigated the services offered by banks and building societies, together with the requirements of their customers. It pub-

Table 3

Direct Taxes on Households and Employees' Social Security Contributions as a Percentage of Total Personal Income

	1978			1988		
	Direct taxes	Social security contributions	Total	Direct taxes	Social security contributions	Total
Sweden	25	1	25	26	1	26
Norway	18	6	23	17	7	23
Netherlands	13	9	22	11	12	23
Switzerland	14	7	21	14	7	21
Federal Republic of Germany	12	9	21	12	10	21
Belgium	16	4	21	16	6	21
Canada	13	2	15	17	2	19
Australia	14	–	14	17	–	17
Britain	14	3	17	13	4	17
United States	12	3	15	12	4	16
France	6	6	12	7	8	15
Japan	5	4	9	8	5	13

Note: Differences between totals and the sums of their component parts are due to rounding.

lished a report[1] in February 1989, recommending that the Government introduce new legislation and that the banking institutions draw up a code of banking practice (see pp 102-3, 1989).

In response to the Jack Report, the Government published a White Paper in March 1990[2] (see pp 175-6, 1990). This endorsed the Jack Committee's recommendation that the banks and building societies issue a code of practice with the objective of clarifying to customers their rights and the terms and conditions of services available to them. The banking industry formed a Working Group, comprising representatives of the Association for Payment Clearing Services, the British Bankers' Association and The Building Societies Association. Its terms of reference were to oversee the drafting of a code of banking practice following the recommendations of the Jack Report; to consider the most effective methods of promulgating the code to banks and building societies and ensuring its adoption; and to keep the code under review, proposing modifications where necessary.

The code has been prepared in draft form, as a consultative document.[3] The Working Party invites comments from the public, government departments and the Banking and Building Societies Ombudsmen by 1 March.

The Draft Code

The overall objective of the code is to achieve 'transparency'—that is, to ensure that customers receive clear information about their relationship with a bank, building society or card-issuing company. In particular, the code is based on the following specific objectives:

– to establish standards of good banking practice to be adopted by banks, building societies and companies that issue credit cards;

– to promote a clear and fair relationship between customers and these institutions;

– to ensure that customers are helped to understand how their accounts operate; and

– to maintain public confidence in the security and integrity of banking and card payment systems.

The code broadly follows the illustrative code prepared by the Jack Committee and incorporates the views of the Government expressed in the White Paper. It falls into two parts: customers and their banks; and customers and their cards.

Customers and their Banks

This part of the code applies to banks and building societies which offer their customers banking facilities such as current, deposit and other savings accounts, overdrafts, loans and services available through ownership of plastic cards.

Banks and building societies are required to provide their customers with clearly written terms and conditions of banking services, and to give reasonable notice before modifying the agreed conditions. Changes to interest rates with immediate effect are to be announced in branches or in the Press, or both.

Banks and building societies should publish tariffs of charges that may be payable on customer accounts. Charges for services outside the tariff should be advised on request or at the time the service is offered. When a loan is provided, customers should be informed of the interest rate payable and when interest will be charged to the account. If customers overdraw their accounts without prior agreement or if they exceed an agreed borrowing limit, banks and building societies may charge a 'penalty' rate of interest and make other charges that will be notified to their customers.

Each bank or building society should inform customers of its complaints procedure and advise those who wish to make a complaint how to do so and what further action to take if they are not satisfied with the outcome. Institutions subscribing to the code should belong to one or other of the Banking and Building Societies Ombudsman schemes or to the Finance Houses Arbitration Scheme.

[1] *Banking Services: Law and Practice.* Report by the Review Committee on Banking Services Law. Cm 622. HMSO, £19. ISBN 0 10 106222 2.

[2] *Banking Services: Law and Practice.* Cm 1026. HMSO, £6·20. ISBN 0 10 110262 3.

[3] *Draft Code of Banking Practice: A Consultative Document.* Association for Payment Clearing Services, British Bankers' Association, The Building Societies Association.

Banks and building societies are to maintain strict confidentiality concerning the disclosure of information held on present and former customers. Confidential financial information on customers should be disclosed to third parties only in highly exceptional cases. The institutions are to explain to their customers that, under the Data Protection Act 1984 (see pp 44-7, 1984), they have the right of access to their personal records held on computer files.

Banks and building societies should advise customers that personal information on clients may be used for direct marketing purposes by members of the group offering various financial services. However, marketing material should not be sent to customers who do not wish to receive it. Moreover, institutions should exercise restraint in the use of direct mail, particularly when promoting loan and overdraft services and in cases where customers are minors.

Marketing and advertising material produced by banks and building societies should comply with all relevant legislation and current advertising standards. All advertisements should be fair and not contain misleading information. Where promotional material is used to advertise loan schemes, it should state clearly that all lending will be subject to an appraisal of the client's financial standing by the lender.

New applications for loans are to be considered carefully. Where necessary, the lender should obtain information on the customer's previous financial affairs and seek information from credit reference agencies. Credit applications from young people should be considered very carefully, to reduce the possible risk of debt accumulation. When cash cards are issued to minors, it should be emphasised that overdrawing is not allowed. Lenders are to encourage customers in financial difficulty to notify them immediately, so that due consideration may be given to cases of hardship.

A cheque will not normally be paid if more than six months has elapsed from its issue date. Institutions should explain to customers under what circumstances they may stop a cheque or any other type of payment. A cheque endorsed by a cheque guarantee card will not be stopped.

For foreign exchange services, customers are to be informed at the time of a transaction of the appropriate exchange rate and commission charges. If this is not possible, the customer should be advised of the basis on which such charges will be calculated.

Customers and their Cards

Card issuers are to provide applicants with clear written details of the terms and conditions governing the services they offer. Customers should be informed of the issuer's procedure for notifying changes to the terms and conditions of the card service, and should be given reasonable notice before any changes take effect. Changes in interest rates with immediate effect are to be announced by card issuers in the Press, in card issuers' branches or stores, or in a statement of account sent to cardholders.

Credit and cash cards should be sent to customers only upon receipt of a written request for a card, or as a renewal or replacement for existing cards. The card issuer should always advise the personal identification number (PIN) only to the customer, who should receive notification of the PIN separately from the card. Card issuers should emphasise to customers that they are responsible for looking after their card and keeping their PIN confidential.

The code clarifies procedures to be followed in the event that a card is lost or stolen, or the customer's PIN is known to another person. The customer should notify the card issuer of such circumstances immediately, using a contact telephone number and address already provided by the issuer. Having received notification, the card issuer will act to prevent further use of the card.

Losses incurred through theft or misuse of a card will be sustained by the card issuer if the card has been used for an unauthorised transaction after the customer has reported the loss or theft and if customers have lost money through using faulty cash machines. The card issuer's liability will be limited to the amounts wrongly charged to the customer's account and any interest arising from this. If a card is used in an unauthorised transaction before the customer has reported its loss or theft, the customer may be liable for costs up to £50; the card issuer must advise customers

of this possibility. Customers may be liable for all losses incurred if they have acted fraudulently or negligently.

Card issuers are required to provide customers with a written statement of account, recording all payments and withdrawals made. Customers would usually also be given a written record at the time of the transaction. Card issuers should advise customers how frequently they may expect to receive statements of account, and should indicate the normal length of time required for a transaction item to appear on the customer's account.

Card issuers are obliged to advise customers how to proceed if they have a complaint, and what action to take if they are not satisfied with the response from the card issuer. All card issuers subscribing to the code should belong to one or other of the Banking and Building Societies Ombudsman schemes, the Finance Houses Arbitration Scheme or the Retail Credit Group Mediation and Arbitration Scheme. Customers should be notified of the appropriate scheme.

Trade Policy

Further negotiations on the Uruguay Round of the General Agreement on Tariffs and Trade were held in Brussels from 3 to 7 December 1990. Representatives of over 100 countries attended discussions on a package of measures designed to liberalise and expand world trade. However, the conference was adjourned when the negotiations could not be brought to a conclusion.

Background

The eighth round of General Agreement on Tariffs and Trade (GATT) multilateral trade negotiations (the Uruguay Round) was launched in September 1986 (see pp 328-9, 1986). It has been the most ambitious and wide-ranging round ever, covering 15 areas. Its main concerns have been:

– to bring trade in agriculture and textiles fully within GATT;

– to achieve further reductions in tariffs and non-tariff barriers;

– to extend GATT disciplines to the new areas of intellectual property,[1] investment and services; and

– to strengthen the GATT system to enable it to deal more effectively with trade distortions and disputes.

Britain was represented at the session in Brussels by the Secretary of State for Trade and Industry, Mr Peter Lilley, and the Minister of Agriculture, Fisheries and Food, Mr John Gummer. It was decided that negotiations could not be concluded by 7 December 1990 but should be continued in Geneva, with a view to completing them early in 1991.

Parliamentary Statement

In a statement to the House of Commons on 10 December 1990 (*Hansard*, Vol 182, No 24, cols 669-681) the Secretary of State emphasised Britain's support for GATT and the advantages for Britain, as a major exporter, of open world markets. In particular, Britain would benefit from the application of the GATT system to new areas of services, intellectual property and investment. Mr Lilley expressed his disappointment that the Brussels negotiations had not been concluded. Although the European Community had wished for a successful conclusion to the GATT round, it was recognised that further progress was required in all sectors, notably agriculture. Regrettably, there had been insufficient time to resolve this crucial issue. However, 'impressive progress' had been achieved during the Brussels negotiations, particularly in the area of textiles and intellectual property. Mr Lilley continued: 'It would be a major achievement to bring agriculture and textiles under GATT disciplines for the first time and extend the GATT system to include services, intellectual property and investment. We can still achieve those aims.'

Britain would continue to play an active role in consolidating the progress that had already been achieved. During his forthcoming discussions at the meeting of the European Council (see pp 13-14) and in Washington, the Prime Minister, Mr John Major, would urge participants to resolve the

[1] Patents, designs and trademarks.

outstanding issues. Mr Lilley emphasised that the Government firmly believed in freedom of trade and endorsed the single market in Europe, which would remove barriers to trade.

During the Brussels negotiations, progress had been made in strengthening rules and disciplines governing the textiles market and in allowing greater market access for textiles. Measures to secure intellectual property rights, which would outlaw piracy of original textile designs, were also discussed and would come into effect before the present multi-fibre arrangement (MFA) was phased out in July 1991 (see p 430, 1989). Mr Lilley stressed the importance of reaching an agreement to replace the MFA; representatives had discussed an outline agreement covering a ten-year transitional period. If the agreement was finalised at a future GATT meeting, this could result in the introduction of an improved safeguard mechanism, along with tariff reductions and the removal of non-tariff barriers, to offer increased access to overseas textile markets.

Mr Lilley regretted that the discussions on the matter of agricultural subsidies had been suspended. He confirmed his belief that any changes to the level of agricultural support given to European farmers should be non-discriminatory and of benefit to British farmers, as well as to their continental counterparts.

Industrial Disputes

In 1988 Britain was ranked just below middle in the incidence of industrial disputes in member states of the Organisation for Economic Co-operation and Development, according to the latest available information. The figures show a general decline in the number of days lost over the period 1979-88. In all five European Community countries for which data are available, the level of working days lost per employee in 1989 was less than one-third of the average for the 1970s.

International Comparisons

Details of the most recent international comparisons are contained in an article in the December 1990 issue of *Employment Gazette* (HMSO, £3·80, ISBN 0 11 728750 4). The figures show that, of the 20 countries examined,[1] Britain stood just below the middle when ranked by the incidence of disputes[2] (the country with the lowest incidence was ranked first). Table 1 gives details for recent years and averages over the period 1979-88.

In most countries there was considerable variation from one year to another, with some years heavily influenced by a small number of major stoppages. It is therefore appropriate to make comparisons based on periods of years rather than on single years. Generally there was a decline in the incidence of working days lost between 1979-83 and 1984-88. Only six of the countries recorded a higher rate in the later period, including the Federal Republic of Germany, Greece and Denmark. During 1984-88 Britain lost an annual average of 400 days per 1,000 employees as a result of industrial disputes. This was exceeded by Greece (1,270 days), Spain (740 days), New Zealand (540 days) and Finland (470 days).

There is a tendency for the incidence of industrial disputes to vary between industrial sectors. Some industries consistently have higher strike rates than others. Table 2 therefore shows a comparison of the incidence of disputes in the four main sectors especially prone to strikes – mining and quarrying, manufacturing, construction, and transport and communications.

The incidence of disputes in these selected industries was about twice what it was for all industries, although there were variations by country. Britain's relatively high level was a result of the coal miners' strike of 1984-85 (see pp 47-8 and 77-8, 1985).

The definition of industrial disputes can vary from country to country – for example, France and Portugal exclude strikes by public sector workers, and Britain and the United States exclude political strikes. Most

[1] Statistics were not readily available for Belgium, Iceland, Luxembourg and Turkey.

[2] The incidence of industrial disputes is measured as the number of working days lost per 1,000 employees.

Table 1

Industrial Disputes: Working Days Lost per 1,000 Employees in All Industries and Services 1979-88

				Average[a]		
	1986	1987	1988	1979-83	1984-88	1979-88
Britain	90	160	170	500	400	450
Australia	240	220	260	570	240	400
Austria	*b*	*b*	*b*	*b*	*b*	*b*
Canada	540	220	310	750	320	530
Denmark	40	60	40	120	250	180
Finland	1,350	60	90	350	470	410
France	60	50	70	120	60	90
Federal Republic of Germany	*b*	*b*	*b*	10	50	30
Greece	710	970	3,610	880	1,270	1,080
Irish Republic	380	320	180	720	370	550
Italy	390	320	220	1,210	360	780
Japan	10	10	*b*	20	10	10
Netherlands	10	10	*b*	30	10	20
New Zealand[c]	1,060	290	310	340	540	450
Norway	570	10	50	50	150	100
Portugal	140	40	*na*	220	(90)	(160)
Spain	300	630	1,400	950	740	850
Sweden	170	*b*	200	250	100	170
Switzerland	*b*	*b*	*b*	*b*	*b*	*b*
United States	120	40	40	190	70	130

a Brackets indicate averages based on incomplete data.
b Fewer than 5.
c Break in series between 1987 and 1988.
na = not available.

countries exclude small stoppages from the statistics. For example, Britain does not record disputes involving fewer than ten workers or lasting less than one day, unless the aggregate number of days lost exceeds 100.

Available Data for 1989

Some results are also available for 1989. Table 3 gives the 1989 incidence rates for 11 countries. The downward trend seen in most countries earlier in the decade continued into 1989. The latest overall ten-year estimate for Britain is 330 days lost annually per 1,000 employees, which is over 25 per cent lower than the ten-year estimate for 1979-88 (450 days).

Regional Electricity Companies Flotation

Over 2,159 million shares in the 12 regional electricity companies of England and Wales went on sale at the end of November 1990. About 12·75 million applications were received from the public for over 7,000 million shares. Because of the demand the Government has increased the allocation to the public and reduced the proportion of the shares destined for institutional and overseas investors.

In a statement in the House of Commons on 10 December 1990 (*Hansard*, Vol 182, No 24, cols 643-4), the Secretary of State for Energy,

Table 2

Industrial Disputes: Working Days Lost per 1,000 Employees in Selected Industries (Mining and Quarrying, Manufacturing, Construction, and Transport and Communications) 1979-88

				Average[a]		
	1986	1987	1988	1979-83	1984-88	1979-88
Britain	180	330	430	1,000	990	990
Australia	570	530	640	1,230	560	900
Austria	*b*	*b*	*b*	*b*	*b*	*b*
Canada	880	490	820	1,430	680	1,050
Denmark	90	120	100	230	580	410
Finland	2,310	130	200	540	710	630
France	70	70	*na*	220	(100)	(170)
Federal Republic of Germany	*b*	*na*	*na*	10	(170)	(70)
Greece	*na*	*na*	*na*	(940)	*na*	(940)
Irish Republic	270	630	210	1,290	450	900
Italy	400	490	300	250	340	290
Japan	10	10	10	30	10	20
Netherlands	20	30	*b*	70	20	50
New Zealand[c]	2,740	590	790	(770)	(1,410)	(1,140)
Norway	940	*b*	*b*	120	220	170
Portugal	240	70	*na*	380	(170)	(290)
Spain	440	850	1,010	(1,500)	700	(1,020)
Sweden	*b*	10	790	480	170	320
Switzerland	*b*	*b*	*b*	*b*	*b*	*b*
United States	370	100	110	(470)	180	(310)

a Brackets indicate averages based on incomplete data.
b Fewer than 5.
c Break in series between 1987 and 1988.
na = not available.

Mr John Wakeham, said that, even with an issue over ten times subscribed, 97 per cent of electricity customers who applied and over two-thirds of all who applied would receive some shares. About one-quarter would receive all they applied for. 'The continued overwhelming public interest in participating in privatisation shows the public support for the regional electricity companies and for privatisation. ... The sale of the 12 companies will realise £8,000 million.' The price, he continued, had been properly based on the value of anticipated future earnings and dividends.

Such was the demand for shares that the Government triggered the clawback (whereby shares destined for sale to institutions and abroad are reduced in number to satisfy demand by the public). An additional 20·2 per cent of the ordinary share capital of each company was thus made available.

Background

The main activities of the electricity companies are the distribution and supply of electricity. Distribution involves transfer of electricity from the national grid and its delivery, across local systems, to consumers. Supply is the purchase of electricity from generators, principally through a market for bulk trading of electricity (the pool), and its sale to customers. Under the Electricity Act 1989 (see pp 16-19, 1989, and 144-5, 1990) each company is authorised to supply to any premises within its area. The 12 companies

Table 3
Industrial Disputes: Working Days Lost per 1,000 Employees in All Industries and Services

	1989	1980-84	1985-89	1980-89
Britain	180	480	180	330
Austria	*a*	*a*	*a*	*a*
Canada	180	660	280	460
France	50	90	60	80
Federal Republic of Germany	*a*	50	*a*	30
Italy	300	950	300	620
Netherlands	*a*	20	10	10
Norway	10	60	130	100
Sweden	100	240	120	180
Switzerland	*a*	*a*	*a*	*a*
United States	150	160	90	120

a Fewer than 5.

came into being on 31 March 1990, when the businesses of the former area boards were transferred to them. The National Grid Company, responsible for the integrated transmission system (7,000 km—4,375 miles—long), is owned by the companies.

The Government intends that shares in National Power and PowerGen, the two largest generating companies, will be offered for sale in February.

According to government statistics, electricity has more than doubled its share of final energy consumption in Britain (from 7 to 15 per cent) over the past 30 years. Electricity competes with other forms of energy, particularly gas, although in certain applications there is no practical substitute.

The turnover of the 12 companies in 1989-90 was £13,314 million. Their aggregate operating profits on a current cost accounting basis were £436 million. Sales of electricity amounted to 231,755 gigawatt hours (GWh). Industry took 37·5 per cent, domestic users 34 per cent, commercial users 25·8 per cent, and others 2·8 per cent. There are some 22 million customers in England and Wales.

On 21 November 1990, Kleinwort Benson Limited (the merchant bank handling the flotation) offered for sale on behalf of the Government 2,159·2 million ordinary shares in the companies, at a price of £2·40 a share. The issue was fully underwritten (except for a small proportion of shares allocated under the employee offers or as bonus shares; see below). Private buyers who had registered with the Electricity Share Information Office by 14 November 1990 were eligible for special incentives (see below). The offer price is payable by instalment: £1 on application, 70p in October 1991 and 70p in September 1992.

Allocation of Shares

Details of the allocation of shares were announced on 10 December 1990. It had been intended to make at least 34·4 per cent of the ordinary share capital in each company available to the public, including eligible customers, employees and pensioners. In view of the substantial demand, however, this allocation was increased to 54·6 per cent. Of the 12·75 million applications, 3·6 million were from customers applying for customer incentives.

Public Applications

Individuals registered with the Electricity Share Information Office by 14 November 1990 could apply for one of three special incentives:

1 a customer share bonus in the customer's supplying company;

2 electricity vouchers; or

3 a non-customer share bonus in any single company.

Customers applying for a special incentive were also entitled to preferential allocation. Under the customer share bonus, one bonus share, which must be held until 31 December 1993, will be granted for every ten shares purchased. The maximum number of bonus shares which may be received by one customer is 300. Electricity vouchers will be issued over a period of up to three years to a value of £18 for every 100 shares (£27 and £45 for those who have been allocated 150 and 250 shares respectively) in the company held continuously up to the relevant qualifying dates, subject to a maximum value of £270. Under the non-customer share bonus, an applicant may receive one bonus share for every 20 shares bought in any single company, and these shares must be retained until 31 December 1993. The maximum number of bonus shares that may be held by one shareholder is 150.

Non-customer applications for 100 shares, the minimum number that could be applied for, were met in full, except in the case of SEEBOARD, where applicants received 90 shares. Larger applications were considerably scaled down. In five companies (Manweb, Northern Electric, SEEBOARD, South Wales and South Western) non-customer applications for 200 shares and over could not be granted.

Customer applications for 200 shares and over were also considerably scaled down. Applicants for 500 shares, for example, were granted 100 shares in all cases, except in that of Northern Electric, which granted 200 shares, and South Wales, which granted 150. Applicants for 1,000 shares were allocated between 10 per cent (SEEBOARD) and 30 per cent (South Wales and Northern Electric). Applicants for 2,500 shares received nothing in the case of SEEBOARD, 10 per cent from East Midlands, London, Midlands, NORWEB and Southern, 12 per cent from Eastern, Manweb, South Western and Yorkshire, and 16 per cent from Northern and South Wales. The most heavily subscribed companies were South Wales and Manweb, the two smallest, which received applications for 15·8 and 15·4 times the number of shares that were available before clawback. Yorkshire, Eastern and Southern, three of the largest companies, received the highest number of applications and were 11·6, 9·2 and 7·7 times subscribed before clawback respectively.

Four per cent of the shares in each company were reserved to meet bonus entitlements and applications from employees under the free and matching offers. The free offer entitled an employee to shares worth some £140. Under the matching offer, an employee could apply for shares worth about £220, whereupon he or she was awarded additional shares on a 2 for 1 basis (maximum total value of shares under the offer about £660). Eligibility for these and two other employee offers was based on continuous service in the electricity supply industry of at least 16 hours a week from, at the latest, 20 May 1990. Those who had served between eight and 16 hours a week from, at the latest, 20 November 1985 also qualified. Such free shares are put in trust and may not be withdrawn for two years. If they are withdrawn after two years and before five years are up, proceeds from their sale will be taxable.

Nearly 105,000 employees and pensioners were allocated some 160 million shares under the various employee and pensioner offers.

Other Applications

Of the total offer, 20 per cent was reserved initially for overseas investors in the United States, Europe, Japan and Canada. This percentage has had to be reduced by one-quarter to 15 per cent (5·7 per cent to the United States, 4·8 per cent to Europe, 3·3 per cent to Japan and 1·2 per cent to Canada). The placing of shares with institutions has been reduced by a third, from 45·6 per cent to 30·4 per cent in each company.

Government Shareholding

The Secretary of State for Energy retains a special share in each regional electricity company, which gives him power to prevent a takeover during the first five years (until 31 March 1995) if he considers it in the national interest. His consent is required to the amendment or removal of provisions in the memorandum and/or articles of association of each company. These include provisions

Applications from the General Public, Employees and Pensioners by Company

	Number of applications *(thousands)*	Number of shares applied for *(millions)*	Number of times subscribed before clawback	Number of customer preferential applications *(thousands)*
Eastern Electricity	1,291	752·0	9·2	599
East Midlands Electricity	1,076	630·7	9·5	300
London Electricity	999	538·5	8·1	286
Manweb	1,062	554·3	15·4	185
Midlands Electricity	1,062	606·5	9·5	305
Northern Electric	1,064	513·2	13·7	163
NORWEB	1,061	615·1	11·7	302
SEEBOARD	1,019	511·9	13·2	387
Southern Electric	1,169	628·5	7·7	470
South Wales Electricity	942	486·7	15·8	108
South Western Electricity	896	455·2	12·2	224
Yorkshire Electricity	1,219	732·6	11·6	253
Total	12,750	7,025·1	10·7	3,582

preventing any person from having an interest of 15 per cent or more in the voting share capital of any company.

Road Traffic Bill

The Road Traffic Bill, which contains measures to deal with bad driving and to ease congestion in London, received its second reading in the House of Commons on 10 December 1990. The Government has described the Bill as a demonstration of its determination to improve road safety.

Many of the proposals to reform road traffic law were set out in the White Paper *The Road User and the Law* (see pp 63-4, 1989) and were framed in the light of the report of the Road Traffic Law Review (the North Report—see pp 177-8, 1988). Proposals for traffic management in London were set out in a discussion document *Traffic in London*, published in December 1989 (see pp 21-2, 1990), and further refined in a second consultation paper of the same title published in July 1990.

MAIN PROVISIONS

Reform of Road Traffic Law

The first part of the Bill contains proposals to reform present road traffic law. The main provisions include:

– a new offence of 'dangerous driving' to replace the present offence of 'reckless driving';

– a new offence to deal with drink-drivers who drive badly and cause death, carrying up to five years in prison;

– a new offence of 'endangerment', to deal with vandals who put road users' lives at risk;

– a new extended driving test which drivers disqualified for the main bad driving offences would have to pass before their licences were restored;

– a major experiment in the use of rehabilitation courses for drink-drivers; and

– measures to enable more effective use of technology to detect speeding and traffic-light offences.

Traffic Management in London

Part II of the Bill contains proposals for London traffic management. These would:

– enable the Secretary of State for Transport to designate a priority road network of 'red routes' in London, over which special traffic management and parking controls would apply;

– allow the appointment of a London Traffic Director to co-ordinate the red route network;

– give the Secretary of State powers to issue new traffic management and parking guidance to local authorities;

– provide for local authorities to introduce and regulate a new system of permitted on-street parking;

– enhance the powers available to traffic wardens, who would be able to authorise wheel-clamping and towing away of vehicles; and

– give the Home Secretary power to set more than one fixed penalty level for both endorsable and non-endorsable parking offences.

PARLIAMENTARY DEBATE

The Bill, which applies to Great Britain, received an unopposed second reading in the House of Commons on 10 December (*Hansard*, Vol 182, No 24, cols 685-715 and 761-70, and No 25, cols 771-91).

Government View

Introducing the Bill, the Secretary of State for Transport, Mr Malcolm Rifkind, said that transport was vital to the economy of Britain and important to the convenience of members of the public. Recent growth in road traffic had brought major congestion, so that in future the environmental impact of the increasing volume of transport would become even more important.

The purpose of the Bill, he said, was simply to save lives. Many of its provisions would make an important contribution towards continuing recent improvements in road safety. Since the 1960s, the amount of traffic on Britain's roads had increased by some 250 per cent, yet there had been a drop in fatalities from 8,000 a year to 5,000 a year. However, there were still some 15 deaths and 170 serious injuries on the roads every day. The Government had therefore adopted a target of reducing road casualties by one-third by the year 2000. The proposals in Part I of the Bill could make a valuable contribution to achieving that target.

The Part I proposals would implement the recommendations of the White Paper, which in turn contained the Government's response to the recommendations of the North Report. The law had a vital role to play in promoting the safety of all road users; if it could be updated to be even more effective, there was every prospect of reducing the casualty rate. Part I of the Billl was intended to do this, and attacked the problem in three ways.

New Traffic Offences

The first way to improve road safety was by reforming the main bad driving offences. In England and Wales, it had not always been possible to obtain convictions under the existing offences of reckless driving and causing death by reckless driving, because of the need for the jury to satisfy itself as to the driver's state of mind when the act of bad driving took place. The new offences would more satisfactorily permit convictions for bad driving. A new offence would also deal better with drink-driving. 'There is never any excuse for drunk driving. A drunk driver who kills in these circumstances must expect the most severe penalty.' A new offence of endangerment in England and Wales would deal with vandals who endangered life by throwing objects such as concrete blocks onto roads; in Scotland the existing law on malicious mischief adequately dealt with such matters.

Penalties

The second area for action, Mr Rifkind said, was penalties. Traffic offences causing death should be severely punished. The present maximum term of five years' imprisonment for causing death by reckless driving would therefore be retained for the new offence of dangerous driving. The new offence of causing death when under the influence of drink or drugs would carry the same penalty. There would be two new sentencing provisions: people convicted of the most serious driving offences would have to take a much tougher driving test before being allowed back onto

the road; and the Government was also providing for an experiment in rehabilitation courses for those convicted of drunk driving. These would be introduced in selected areas and, if successful, would be extended nationally. In future, people disqualified for specific offences such as drink-driving would no longer have any penalty points from previous unrelated offences cancelled; this would act as a reminder to behave responsibly once their licences were returned.

Use of Technology

Finally, there were measures for better enforcement of the law through the use of technology to detect speeding and traffic-light offences. Cameras would be placed where road safety benefits could be maximised. Their presence would have a major deterrent effect, and could reduce accidents by as much as 5 per cent.

Traffic Management in London

Part II, the Secretary of State said, contained a major package to deal with traffic. Demand for travel in London was forecast to grow, and it would be unrealistic to set limits on traffic growth. The Government's aim was to relieve the worst congestion where this could be done without unacceptable environmental and social costs. There was already a major programme of road improvements in hand in London, he said, but the Government accepted that the scope for new road construction was limited. Without any action, therefore, the problem of congestion would slowly worsen.

The Government would therefore create a network of priority 'red routes' to help people and goods move more easily around London. These routes would be subject to special controls on stopping, loading and unloading, which would be strictly enforced. A Traffic Director for London would be appointed to ensure efficient operation of the network. A pilot red route was proposed for Islington (north-east London), and the effects of this would be carefully monitored.[1]

The Bill would also provide for a more rational system of permitted parking, mostly at residents' and meter bays, to be administered and enforced by local authorities. This would release police traffic wardens to enforce legal parking restrictions on red routes and elsewhere. Traffic wardens would also get wider powers to clamp and impound vehicles.

Conclusion

'The initiative is the first of its type for more than 20 years, and the widest ever. It is part of the Government's aim to make the best use of existing roads throughout London and forms part of our broad strategic approach to the development of London's traffic system.' The Bill would make an important contribution to the efficiency and safety of transport, both through the easing of congestion in London and the reform of road traffic law nationally. As such, Mr Rifkind concluded, it had been welcomed by a number of important organisations involved with road transport matters.

[1] This scheme came into operation on 7 January.

Shorter Notes

CREDIT MARKETING

The Government has announced proposals to tighten legislation on credit marketing practices. A consultative document published on 19 December 1990 by the Department of Trade and Industry proposes four new sets of regulations under the Consumer Credit Act 1974:

1 It is proposed to amend the Consumer Credit (Agreements) Regulations 1989. Advertisements promoting credit facilities would be required to advise customers to consider whether they can afford credit, and to be aware of the risks associated with variable interest rate agreements.

2 The Consumer Credit (Agreements) Regulations 1983 are to be amended. In future, regulated credit agreements will have to include a warning statement, advising customers not to sign the agreement unless they are sure that they can afford the payments. Advertisements for secured loans and foreign currency loans will have to carry warnings about the particular risks entailed in this type of borrowing.

3 Credit companies will be required to take precautions to avoid sending credit circulars

to minors or people not wishing to receive them. Also, lenders will be banned from making unsolicited increases in a customer's credit limit.

4 Where regulated credit agreements are secured on property, the lender will be obliged to explain to prospective customers the risks entailed in variable interest rates.

In addition, the Government will seek to introduce a Bill to increase the degree of protection afforded by the Consumer Credit Act 1974. It is proposed to increase the effectiveness of Section 50 of the Act, which prohibits the mailing of unsolicited credit circulars to minors. Lenders will be required to take reasonable precautions and exercise due diligence when issuing credit circulars.

Another proposal will seek to allow consumers the right to cancel credit agreements which they may have entered on impulse or without sufficient consideration. A two-day 'cooling off' period will be allowed in agreements signed on trade premises following face-to-face negotiations. At present, credit agreements signed on trade premises do not have a cancellation period.

The Government also intends to amend the Consumer Credit Act in line with the proposal in the 1988 White Paper *Releasing Enterprise* (see pp 426-7, 1988) that courts should be empowered to reopen credit agreements judged to be extortionate.

Sources: *Hansard*, Vol 183, No 31, written answers, cols 184-6; *Proposals for New Legislation on Credit Marketing: A Consultative Document*. Available free from the Department of Trade and Industry, Room 508, 10-18 Victoria Street, London SW1H 0NN.

MONEY LAUNDERING

Detailed guidance notes to help British banks and building societies to combat money laundering were issued on 10 December 1990 by the British Bankers' Association and The Building Societies Association in co-operation with the National Drugs Intelligence Unit (NDIU), the police and HM Customs and Excise.

The term 'money laundering' covers all procedures designed to make illegally obtained money appear to have originated from a legitimate source.

The Government has introduced legislation in recent years to address the problem of money laundering. The Drug Trafficking Offences Act 1986 (see pp 69-71, 1986) and the Criminal Justice (Scotland) Act 1987 (see p 189, 1987) empower the law enforcement agencies to investigate, freeze and confiscate assets derived from drug trafficking. It is an offence for any person knowingly to assist a drug trafficker to retain or invest drug-derived money or to put funds at the criminal's disposal. Financial institutions are protected from suit by customers for breaches of confidentiality, where the institution has reported suspicious evidence to the authorities. Under the Criminal Justice (International Co-operation) Act 1990 (see p 112, 1990) it is an offence for a person to assist a drug trafficker in avoiding prosecution by concealing, disguising or removing drug-derived property from the jurisdiction of the courts. The Prevention of Terrorism (Temporary Provisions) Act 1989 (see pp 404-8, 1988) states that it is an offence for a person knowingly to facilitate the retention or control of terrorist funds, or to withhold information believed to relate to an act of terrorism. Financial institutions are similarly protected under this Act from suit by customers for breach of confidentiality.

Prevention of money laundering is the aim of the Basle Statement of Principles. The Statement advises financial institutions to adopt thorough procedures of customer verification, to ensure that they comply with current legislation and to co-operate fully with law enforcement agencies.

Two further initiatives have been introduced. The Financial Action Task Force on Money Laundering published a report in April 1990 (see p 190, 1990) containing 40 recommendations. A European Community draft directive on money laundering seeks to implement the recommendations of the report.

The guidance notes recommend that the financial institutions issue their managerial staff with a clear statement of policy on money laundering which should follow the current regulatory requirements. Staff should be trained to recognise money laun-

dering and to report suspected cases to the institution's designated officer. Close co-operation should be maintained with the law enforcement agencies; in particular, each bank or building society should create a single reference point to liaise with the NDIU.

All financial institutions should introduce effective procedures for customer identification. Positive indentification of a prospective client is recommended by means of documents such as a passport or driving licence. The bank or building society should carry out additional checks on the customer's identity and credit history.

The key to identifying money laundering is to detect an unusual transaction, or series of transactions, in a customer's account. Therefore staff should be familiar with the usual business pattern of their customers. Access to information disclosed by the institution is restricted to financial investigation officers within the police and HM Customs and Excise. Where a prosecution ensues, the source of the information is undisclosed, to protect the financial institution concerned.

Source: *Money Laundering: Guidance Notes for Banks and Building Societies.*

DEREGULATION

The next phase of the deregulation initiative (see pp 272-3, 1985) was announced on 18 December 1990 by Mr John Redwood, Minister of State for Corporate Affairs. The new proposals will extend the scope of deregulation, which examines new and existing business regulation and assesses the compliance costs of this for British companies.

The new programme of work will focus on certain outdated or burdensome requirements which are causing difficulty for businesses. Action will include:

– continuing development and evaluation of methods used to count compliance costs to businesses and of techniques used to secure good regulatory practice in government departments;

– promotion of good deregulatory practice in the European Community;

– the administration of rules affecting the workplace, employment conditions, the Pay-As-You-Earn income tax scheme and National Insurance; and

– integrated guidance for employers and individuals involved in flexible forms of work.

In addition, the specialist deregulation unit of the Department of Trade and Industry will play a leading role in certain general issues of the initiative. It will continue to work alongside business to identify burdens and to co-operate with government departments when deregulating particular practices.

Source: *Hansard*, Vol 183, No 30, written answers, cols 99-100.

NATIONAL FOOD SURVEY

The annual report of the National Food Survey Committee, based on records of food purchases kept by 7,000 households, assesses the changes in the nutritional content of food supplies during the 1980s in Great Britain. It also presents detailed analyses of household food consumption, expenditure and nutritional levels in 1989.

Among the changes in the 1980s are:

1 Marked reductions in energy, fats and calcium, and a small decline in iron and vitamin C. Apart from iron in some cases, average mineral and nutrient intakes were well above recommended daily amounts.

2 A continuing steady fall in fat intakes combined with a decline in carbohydrate consumption (especially sugar). The proportion of energy derived from fat stayed at about 42 per cent, compared with the Department of Health's recommendation of no more than 35 per cent.

3 A doubling of the ratio of polyunsaturated fatty acids to saturated fatty acids from 0.2 to 0.4 during the 1980s – a move towards the recommended level of 0.45.

Among the report's findings for 1989 are:

1 A decline of 2 per cent in liquid milk consumption; a 17 per cent increase in consumption of low fat milks.

2 A fall in beef and pork purchases, and an increase in those of lamb. Total expenditure on carcase meats was, however, nearly 7 per

cent higher than in 1988. A switch to more highly processed meat products has been noted.

3 An average decline in egg consumption by 14 per cent over the year, with signs of recovery at its end. Average consumption of fish and fish products rose by 3 per cent, largely through an increase in frozen products. Expenditure on fish was 18 per cent higher.

4 A continued decline in butter and margarine consumption, with a fall of some 10 per cent. This was partly offset by a 19 per cent increase in purchases of low fat and dairy spreads.

5 A 7 per cent fall in sugar sales. Honey, preserves, syrup and treacle consumption also fell.

6 A 2 per cent decline in potato consumption. Not so many fresh green vegetables were taken as in 1988, but consumption of other fresh vegetables increased. Expenditure on all major vegetable groups grew. Fresh fruit and fruit juice consumption rose; household purchases exceeded 7·5 fluid ounces a person a week.

7 A small decline in bread (all types) consumption. Expenditure on other cereal products (apart from flour and oat products) rose, with a marked rise in purchases of certain convenience foods.

8 A fall in tea, coffee, cocoa and drinking chocolate consumption, but a considerable rise in expenditure on branded food drinks.

Milk and cream consumption, the report finds, was highest in the East Midlands and lowest in Yorkshire and Humberside. The highest purchasing levels of meat and meat products, sugar and preserves, and fats were recorded in the West Midlands. Expenditure on fruit showed the most regional variation and was highest in the south.

Sources: *Household Food Consumption and Expenditure 1989.* Annual Report of the National Food Survey Committee. Ministry of Agriculture, Fisheries and Food. HMSO, £19·75. ISBN 0 11 242897 5; Ministry of Agriculture, Fisheries and Food (Food Safety Directorate) news release, 14.12.90.

FORESTRY

The Government has reviewed the rates of grant for conifer planting and, as with broadleaves (see pp 288-9, 1990), has decided that there is no convincing case at present for increases under the Forestry Commission's grant schemes. The drop in conifer planting, it says, is due not to inadequacy in grant rates, but to factors such as price and availability of suitable land, and the general economic situation.

The Government, however, considers it important that a greater proportion of planting should take place on low ground of better quality than hitherto. It has therefore decided to increase the better land supplement of £200 a hectare (available as a top-up under the Woodland Grant Scheme; see p 117, 1990) for planting on arable land or grassland which has been cultivated and improved within the previous ten years. The new rates will be £400 a hectare for conifer planting and £600 a hectare for broadleaves, and will apply to any eligible planting under the scheme on or after 1 October 1990. The supplement is not available under the Farm Woodland Scheme (see p 115, 1990).

Making the announcement in the House of Commons on 12 December 1990, the Secretary of State for Scotland, Mr Ian Lang, said: 'The cost of the higher supplements will be in the region of £1 million a year; this will be met from within existing resources.'

Source: *Hansard,* Vol 182, No 26, written answers, cols 433-4.

LINK

The Government has announced changes to the LINK scheme, to make it easier for small companies to work on an individual basis with the scientific institutions. Previously, the Department of Trade and Industry, which funds up to 50 per cent of project costs, had preferred two or more companies to participate in LINK research projects. The change means that small and medium-sized companies will be able to submit project proposals for technical approval without having to involve other companies, and this should enable research to proceed more quickly. Where large companies undertake projects

on a single company basis, project appraisal will focus on the research carried out by the scientific partner, rather than the company. Projects undertaken by large companies will be approved depending on the speculative nature of the research and the potential for significant commercial exploitation in the long term.

The LINK scheme was launched in December 1986 (see pp 29-30, 1987). It is designed to promote collaboration between industry and publicly funded scientists (such as government research and development departments and the Research Councils), in order to bridge the gap between scientific research and its resulting commercial applications.

A new LINK programme designed to encourage research into medical implants was announced on 11 December 1990. Under the programme, the Government will provide £5 million to help British manufacturers to develop improved medical implants for a wide variety of applications, ranging from joint and tissue replacement to pacemakers. Government funding for this five-year programme will be provided by the Department of Trade and Industry (£2 million), the Department of Health (£1·25 million), the Science and Engineering Research Council (£1·25 million) and the Medical Research Council (£0·5 million). Private companies will match the Government's £5 million contribution, bringing the total to £10 million.

Sources: Department of Trade and Industry news release, 4.12.90; *Hansard* (HL), Vol 524, No 18, written answers, cols 24-5.

RADIO TELESCOPE

A new radio telescope, 32 m (105 ft) in diameter, was opened near Cambridge on 23 November by the Secretary of State for Education and Science, Mr Kenneth Clarke. The largest to be built in Britain for 30 years, the telescope was funded by the Science and Engineering Research Council at a cost of £4·9 million. It is linked to Jodrell Bank and will complement the seven existing radio telescopes that form Britain's MERLIN network. The addition of the telescope, together with improvements to communications and computer systems, has increased MERLIN's sensitivity tenfold. The new telescope network will enable astronomers to learn more about the structure and activity of very distant objects. It will now be possible to observe stellar flares on nearby stars and see detail the size of a tennis court on the moon.

Source: Department of Education and Science news release, 23.11.90.

Environmental, Social and Cultural Affairs

Homelessness

The Government has announced details of new measures on homelessness. These include 1,000 new hostel and long-term spaces for people sleeping rough in London and a large increase in Housing Corporation resources. The rules on housing subsidy for short-term leases will also be changed to avoid councils having to increase their use of bed-and-breakfast accommodation for homeless families.

Background

The results of a review of homelessness legislation were announced on 15 November 1989, together with extra measures to tackle the problem in England (see pp 25-7, 1990). These included a large increase in government help to London and the South East, areas where the problem was particularly acute. At that time, it was proposed to direct an extra £177 million over two years to local authorities and an extra £73 million to housing associations through the Housing Corporation.[1] Details of the allocation of this package were announced on 27 March 1990 (see pp 151-2, 1990). The then Housing Minister, Mr Michael Spicer, announced a further £15 million initiative on single homelessness on 22 June 1990 (see pp 255-6, 1990). This included the provision of extra hostel spaces and long-term accommodation to help people sleeping rough. The first 140 hostel spaces were announced by Mr Spicer on 18 October 1990, and a further £81 million for the initiative in the Autumn Statement on 8 November 1990.

Single Homelessness Initiative

On 18 December 1990 the Minister for Housing and Planning, Sir George Young, said that a further 1,000 spaces in hostel and long-term accommodation would be provided as part of the Government's initiative to deal with people sleeping rough. Some 320 new hostel spaces in and around central London will be run by voluntary groups who work directly with the homeless. These will begin to become available over the next few weeks. In addition, 700 places will be provided by housing associations in shared and self-contained flats and houses; these will become available from February. People in hostels will be able to move on into these places. Commenting on this provision, Sir George said that these extra schemes would go a long way towards providing for those who were sleeping rough or who had been living in hostels for a long time.

The Minister also announced that Mr Nick Hardwick, the Director of Centrepoint (a voluntary organisation working with young homeless people), would be joining the Department of the Environment for six months to work on the development of the initiative. The aim would be to develop strategies to ensure that people sleeping rough in concentrations would make use of the hostels available to them.

Housing Corporation

On 17 December 1990 the Minister said in the House of Commons (*Hansard*, Vol 183, No 30, written answers, col 119) that increasing resources would be aimed at housing the

[1] For further information on housing associations and the Housing Corporation, see COI reference paper *Housing in Britain*, No 86/90.

homeless through the Housing Corporation's rising capital spending programme. Giving details of the Corporation's Approved Development Programme for 1991-92 and forward plans for the two years after that, Sir George said that the additional resources would enable associations to provide more subsidised housing, with special emphasis on the needs of the homeless. About half the total number of new homes for rent would be intended for them. The Corporation's gross expenditure for 1993-94 is planned to exceed £2,000 million, a 65 per cent increase over 1990-91. There would be a target of 40,000 homes completed in 1993-94. 'This is a clear indication both of the Government's commitment to the housing association movement as the main providers of new subsidised homes and of our determination to tackle the problems of homelessness.'

It was important, he continued, that the large government investment being made in the housing association movement was used properly. The programme therefore showed a further increase in the proportion of schemes for rented housing funded jointly with the private sector, providing a greater return for the public sector input. The Corporation was also committed to efficiency gains of at least 5 per cent over three years through measures such as greater attention to cost competition in the selection of bids. Sir George said that the early problems in programming the Corporation's expenditure under the new grant regime introduced by the Housing Act 1988 (see pp 428-30, 1987) had now been resolved. He was confident that the Corporation could respond positively to its increased role in government housing policy.

Housing Subsidy for Short-term Leases

The Government has acted to alleviate concern that councils would be obliged to put more families into bed-and-breakfast accommodation. In October 1990, the Government announced that the budget for housing subsidy on short-term leases entered into by local authorities would no longer be unlimited. It would instead be brought within a common total for subsidy on new borrowings. This would mean that councils would have to weigh the merits of short-term leases against other housing activities, as they would for any other proposed expenditure supported by housing subsidy.

On 19 December 1990 the Minister said in the House of Commons (*Hansard*, Vol 183, No 31, written answers, cols 169-70) that local authorities had increasingly been taking private houses and flats on short-term leases to provide temporary refuge for the homeless. 'The Government had not proposed to discontinue this. On the contrary, I want to ensure that the rules ... leave [councils] with the flexibility they need.' To ease the transition to the new controls, therefore, he was proposing to transfer £25 million from the Estate Action programme to allow for increased subsidy. This would help local authorities who wished to renew leases that were about to expire. Local authorities would also be able to apply to take specific leases outside their Housing Revenue Accounts,[1] thus putting the financing of such leases on the same basis as the financing of other forms of temporary housing, such as bed-and-breakfast accommodation, paid for from councils' general funds. There would thus be no financial reason for councils to resort to the use of bed-and-breakfast accommodation.

Air Pollution

The Government has announced its programme to combat acid rain. Further measures have also been agreed by the European Community to protect the ozone layer and to reduce pollution from car exhausts.

Acid Rain

Britain, together with its partners in the European Community, is committed to reduce emissions of the main gases that contribute to acid rain, as a result of the Large Combustion Plants Directive of 1988 (see p 247, 1988). Emissions of sulphur dioxide from power stations and other large combustion plants in

[1] Housing Revenue Accounts were introduced under the Local Government and Housing Act 1989 (see pp 115-7, 1989). These accounts are kept separate from the main funds of a council, although some housing costs, such as homelessness provision, are met from outside the Housing Revenue Account.

Britain are required to be cut by 20 per cent by 1993, 40 per cent by 1998 and 60 per cent by 2003, with 1980 levels as a baseline. Emissions of nitrogen oxides will have to fall by 15 per cent by 1993 and 30 per cent by 1998.

In the House of Commons on 20 December 1990, the Minister for the Environment and Countryside, Mr David Trippier, announced Britain's finalised programme for achieving these reductions (*Hansard*, Vol 183, No 32 part II, written answers, cols 271-2). Planned reductions in sulphur dioxide were 21 per cent by 1993, 45 per cent by 1998 and 63 per cent by 2003. For nitrogen oxides, the figures were 21 per cent by 1993 and 35 per cent by 1998. Each target year's reductions were greater than those required by the Directive. The legal framework for implementation in England and Wales is provided by the Environmental Protection Act 1990 (see pp 81-4 and 394-5, 1990). Operators will require Integrated Pollution Control authorisation, which will incorporate a condition requiring compliance with these limits. Mr Trippier said that Britain's electricity supply industry alone would invest over £6,000 million over the next ten years on new, cleaner plant and on new equipment for older plant.

Ozone-depleting Substances

On 20 December 1990 the European Community agreed at a meeting of its Environment Council to phase out the production and use of chlorofluorocarbons (CFCs), other than for essential medical uses, by mid-1997 – two years ahead of the deadline agreed at the second meeting of the parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (see pp 256-8, 1990). Limits on the production and importation of CFCs within the Community prior to 1997 are also to be imposed. In addition, the newly-agreed regulation gives effect to the phasing-out of halons, used in fire-fighting equipment, by 2000, although again, extensions can be granted if a full range of safe and effective substitutes is not ready in time.

Mr Trippier said that Britain was taking a leading role in international efforts to save the ozone layer. 'Indeed, I would have liked the rest of the Community to have agreed to [Britain's] even stricter proposals, for phasing out CFCs by the beginning of 1997 and halons a year later. Nevertheless we have achieved a significant improvement upon the measures agreed in the Montreal Protocol earlier this year.'

Vehicle Emissions

The European Community also reached agreement on new emissions standards for new cars, effective from the end of 1992. These will mean that petrol-engined cars will have to be fitted with three-way catalytic converters, and diesel-engined cars will have to have the latest technology. The new standards will apply to cars of all engine sizes; no longer will standards vary with engine size. Mr Trippier said that pollution from cars would be greatly reduced. Under the new standards only one-quarter of the pollution presently emitted by the average car would be permitted. The agreement was also helpful for the motor industry, since it could now aim at more definite targets. The meeting also agreed to consider even tougher standards for the future.

Government Surveys

The 1989 Family Expenditure Survey shows how families in Britain spend their money. The full results of the 1988 General Household Survey update information on population and fertility, households and families, housing, health and education. Additional topics covered in 1988 include smoking, drinking and share ownership. Preliminary results of the 1989 survey and information on voluntary work from the 1987 survey have also been published.

The Family Expenditure Survey (FES)[1] has been conducted annually since 1957. It provides regular information on household spending for use in calculating weightings for the retail prices index. It records details of expenditure from sample households across Britain for 14 consecutive days; interviews are

[1] *Family Expenditure Survey 1989*. Central Statistical Office. HMSO, £18. ISBN 0 11 620448 6.

taken throughout the year. The sample size in 1989 was about 7,400 households.

The annual General Household Survey (GHS)[1] has been running since 1971 and covers households in Great Britain. The 1988 survey gathered information throughout the period April 1988 to March 1989; that for 1989, from April 1989 to March 1990. For each year, interviews were obtained from about 10,000 households and from about 19,000 to 20,000 adults within them. A stratified random sample was drawn from the Postcode Address File; this ensured that every household had the same chance of selection.

FAMILY EXPENDITURE SURVEY

The results of the FES show that households in Britain had an average income of £304 a week in 1989, and spent an average of £224 a week.[2] This represents an increase in spending of 10 per cent since 1988 (see pp 123-4).

Most income came from wages and salaries (about 62 per cent), while 10 per cent came from social security benefits. There has been a general decline in the relative importance of wages and salaries, while the proportion of income coming from other sources has risen, especially, in recent years, from self-employment. This now accounts for 11 per cent of total household income.

About one-fifth of all expenditure goes on food, down from about one-third in 1953-54. This fall has been fairly continuous. Housing accounted for another fifth of the household budget in 1989; food and housing, together with heating, lighting, clothing and footwear, accounted for half of total expenditure. Expenditure varied considerably according to type of household, with one-person households spending less than the average and households with several adults spending more than average. The bottom fifth of households in income terms spent only 34 per cent of the average, while households in the top fifth spent 85 per cent more than average.

[1] *General Household Survey 1988.* Office of Population Censuses and Surveys. HMSO, £16·50. ISBN 0 11 691326 6.

[2] The FES definition of total expenditure includes purchase of goods and services and a notional imputed rent for owner-occupiers and tenants living rent-free. Mortgage payments are not included as expenditure.

The regional analysis combines data from the 1988 and 1989 surveys so as to reduce the random variation due to sampling, particularly in the smaller regions. This shows that the level of household spending varied markedly between the different regions of the country, with the highest average spending being in the South East (£251 a week) and the lowest being in Yorkshire and Humberside (£189 a week). However, comparison with earlier years suggests that the gap in expenditure between the north and the south has narrowed.

GENERAL HOUSEHOLD SURVEY

The GHS has tracked important changes over the years, including:

– a decline in mean household size from 2·91 persons in 1971 to 2·51 persons in 1989;

– an increase in home ownership (either outright or with a mortgage) from 52 per cent of households in 1979 to 66 per cent in 1989;

– a fall in the proportion of households living in local authority accommodation following 1980 legislation (see pp 56-8, 1980), which gave most local authority tenants the right to buy their homes, from 34 per cent in 1981 to 24 per cent in 1989;

– a shift in the composition of the local authority sector away from large families and households, and towards older people living alone;

– a considerable increase in the ownership of durable goods (see Table); and

Ownership of Durables

	Percentage of Households, Great Britain	
	1979	1989
Telephone	67	87
Deep freezer	40	79
Central heating	55	78
Tumble drier	19	45
Two or more cars	13	23

Sources: *General Household Surveys, 1979* and *1989.*

– a trend in contraception over the period from the mid-1970s to the end of the 1980s towards male and female sterilisation and away from the use of the pill.

Household Size and Composition

The 1988 survey shows an average household size of 2·48 persons, statistically not a significant difference from the figure of 2·51 persons found in the 1989 survey. Only 26 per cent of households consisted of the 'traditional family' of a couple with dependent children, although 42 per cent of all people lived in such households. A further 36 per cent of households comprised a married or cohabiting couple without dependent children. Some 26 per cent of households consisted of people living alone, while lone parents with dependent or non-dependent children made up 8 per cent of households.

Marriage and Cohabitation

The average age at which women married for the first time increased from 21 for marriages taking place in 1968 to 23 for marriages taking place in 1987. Some 21 per cent of non-married women aged 18 to 49 were cohabiting, compared with 11 per cent in 1979. The proportion of couples who lived together before marriage increased from 4 per cent of those who got married in the late 1960s to 37 per cent of those who got married between 1980 and 1984. Married and cohabiting women tended to be younger than their partners, but a third of women who had been married previously now had partners younger than themselves.

Sickness and Medical Services

Between 1972 and 1988 there was a considerable upward trend in the proportion of people reporting long-standing illnesses, from 21 per cent in 1972 to 33 per cent in 1988. In 1988, 18 per cent of men and 20 per cent of women were reported to have a limiting long-standing illness. For both sexes, there was a strong link between socio-economic status and levels of chronic sickness. Prevalence of long-standing illness was highest among the unskilled manual group and lowest among professionals.

Some 11 per cent of men and 14 per cent of women reported restricted activity due to illness in the two weeks before interview. Again, 11 per cent of men and 16 per cent of women had consulted a National Health Service general practitioner in the fortnight before interview. Some 14 per cent both of males and females had attended hospital as an outpatient in the three months prior to interview, and 8 per cent of men and 11 per cent of women had been in-patients in the previous 12 months.

Cigarette Smoking

In 1988, 33 per cent of men and 30 per cent of women aged 16 or over smoked cigarettes. These results show a continued decline in smoking since 1972 and a narrowing of the gap between the proportions of men and women smoking. As in previous years, the prevalence of smoking was lower among those aged 16 to 19 or over 60, and also lower in non-manual groups. Average cigarette consumption among smokers was 120 a week for men and 99 for women.

There was a strong association between the smoking behaviour of husbands and wives: 78 per cent of men and 83 per cent of women whose partners had never smoked regularly were currently non-smokers. Young people living with parents who smoked were more likely to smoke cigarettes than those living with non-smoking parents.

Drinking

Among adults aged 16 or over, 26 per cent of men and 10 per cent of women drank more than the recommended amount.[1] Beer, lager and cider were the most popular drinks among male drinkers, accounting for 71 per cent of consumption. Women's alcohol consumption was made up roughly equally from beer, lager and cider (27 per cent), wine (29 per cent) and spirits and liqueurs (30 per cent). Among women, but not among men, there was a clear link between alcohol consumption and socio-economic group: 14 per cent of women in professional groups drank more than the recommended amount, compared with 8 per cent of women in semi-skilled and unskilled manual groups. There was also a strong link between drinking and

[1] Recommended maxima are 21 units a week for men and 14 for women, a unit being approximately equal to half a pint of beer, a single measure of spirits or one glass of wine.

smoking; those who had never smoked regularly were more likely than others to be non-drinkers and were the least likely to have high alcohol consumption levels.

Share Ownership

In 1988, 21 per cent of adults owned shares, including personal equity plans (see p 125, 1986) but excluding holdings in unit trusts. This was the same proportion as recorded by the 1987 GHS. More than half of all shareholders (13 per cent of all adults) owned shares in a privatised company; half of these also owned shares in other companies. Seven per cent of adults had unit trust holdings. Shareholders were found most frequently in the middle age-groups, the non-manual socio-economic groups and the higher income groups. People who owned shares only in privatised companies tended to have lower incomes than share-owners as a whole and were more likely to be in a manual socio-economic group.

Employment

Some 89 per cent of men of working age were economically active in 1988. The figures for married and non-married women were 72 per cent and 69 per cent respectively. Between 1973 and 1988, there had been an increase in the proportion of all women of working age who were in employment, especially among those who were married.

Self-employment rose rapidly during the 1980s. In 1988, among the economically active, 17 per cent of men, 8 per cent of married women and 4 per cent of non-married women were self-employed.

Preliminary Results for 1989

Preliminary results of the 1989 survey were published on 30 October.[1] The 1989 interview included for the first time a question on the ownership of compact disc players; this showed that 15 per cent of households had one. Increases were noted in the ownership of all other durables in the survey between 1988 and 1989. They were particularly steep in the case of microwave ovens and video recorders. The proportion of households with microwaves rose from 39 per cent to 47 per cent, and the proportion with videos rose from 53 per cent to 60 per cent.

[1] *General Household Survey: Preliminary Results for 1989.* OPCS Monitor SS 90/3. Available from OPCS. £2.

Voluntary Work

A supplement to the 1987 report was published on 6 December,[1] showing that 23 per cent of the adult population performed some kind of voluntary work in the 12 months before interview, and that 15 per cent had done so in the four weeks before interview. For the purposes of the survey, voluntary work was taken as being unpaid work, done through a group, of service to other people or the community. Both men and women were involved, with 25 per cent of women and 21 per cent of men having participated in the 12 months before interview. Fund-raising was the most frequently-mentioned voluntary activity, with almost half of all volunteers having done something to raise money. The proportion of people having taken part in voluntary service was the same as in 1981, despite a broader definition being used at that time.

[1] *Voluntary Work: A Study Carried out on Behalf of the Home Office as Part of the 1987 General Household Survey,* by Jill Matheson. Series GHS No 17 Supplement A. HMSO, £4·85. ISBN 0 11 691315 0.

Recent Education Developments in England and Wales

The Government continues to strengthen its policies designed to raise levels of attainment in English and Welsh schools. The National Curriculum is being progressively implemented and further improvements are being made to the way schools are run by delegating more responsibility to individual schools for their management and finances. Teacher efficiency and morale are to be increased through the introduction of formal job appraisal and new pay negotiating machinery. Recruitment to initial teacher training courses in England and Wales rose significantly in 1990, particularly for subjects for which there is a shortage of teachers.

NATIONAL CURRICULUM

In a speech made in Leeds on 4 January, the Secretary of State for Education and Science, Mr Kenneth Clarke, reiterated the Government's view that a broad and balanced framework of study was essential throughout the years of compulsory schooling (5 to 16). The National Curriculum was designed to provide such a framework and was at the heart of the Government's strategy for raising attainment levels in school education (see pp 426-8, 1987; p 287, 1988, and p 226, 1990).[1]

For each of the ten National Curriculum subjects, programmes of study, attainment targets and assessment arrangements are specified in relation to four key stages covering the period of compulsory education, that is, at ages 5–7, 7–11, 11–14 and 14–16. Teaching of the Curriculum's core subjects of English, mathematics and science began in September 1989 for pupils in Key Stages 1 to 3 (children aged five to 14); the foundation subject technology was introduced in September 1990 for these pupils. The remaining foundation subjects—history, geography, modern foreign languages (for secondary pupils), art, music and physical education—will be introduced for the 5- to 14-year-old age group by September 1992. In Wales, Welsh is a compulsory subject and is being phased in gradually for all pupils.

Key Stage 4

The Government was considering how best to implement the National Curriculum for pupils aged 14 to 16 in Key Stage 4, said Mr Clarke. It was committed to introducing a broad and balanced curriculum for these pupils, believing that in the past too many in this age group had experienced a rather narrow and unbalanced education, many dropping the study of science and modern foreign languages at an early stage.

Notwithstanding this, he had concluded that it was not possible to teach the full ten-subject National Curriculum and religious education (which is also obligatory) in Key Stage 4 and at the same time maintain flexibility and choice. Pupils in this age range might, for instance, wish to study three separate science subjects, or a second or third modern foreign language or the classics; others might want to take technical, economic or business oriented courses.

The ten subjects of the National Curriculum would continue to be required for all pupils up to the age of 14 and programmes of study and attainment targets would be laid down for every National Curriculum subject in all the four key stages. However, pupils in Key Stage 4 would not be obliged by law to study all the subjects of the National Curriculum.

It had been decided that 14- to 16-year-olds would have to take courses leading to the General Certificate of Secondary Education (GCSE—see p 393, 1988) in English, mathematics and science. In addition, they would be required to study technology and a modern foreign language, but would not have to take these subjects at GCSE or equivalent level. Many pupils would opt to do this, but others would take shorter courses or a combination of these and other subjects, for instance, business studies with French or technology with art. It would be obligatory for pupils to undertake a full course in history or geography, or shorter courses in both subjects. Art and music would be optional and pupils would be expected to continue with physical education up to the age of 16.

Entire classes of pupils would be allowed to sit GCSE examinations in National Curriculum subjects a year early—in the fourth as opposed to the fifth year of secondary education.

The Government's framework for Key Stage 4 would be the subject of formal consultations before it was implemented.

Mathematics and Science

Mr Clarke also announced that attainment targets in mathematics and science would be reviewed by the Government. The aim was to make the new requirements more manageable for purposes of recording, assessment and reporting without narrowing the scope of the curriculum.

[1] For further information on the National Curriculum and other education reforms carried out throughout Britain see COI reference paper *Education Reform in Britain*, No 301/89.

Assessment Tests

On 18 October 1990, the then Secretary of State for Education and Science, Mr John MacGregor, announced that tests to be used in 1991 in the first national assessments of 7-year-olds in English, mathematics and science would concentrate on reading, writing, arithmetic and basic scientific skills. There would be a separate test on ability to read based on a range of common texts to ensure consistency of standards. The tests would take up the equivalent of a week and a half of classroom time. In addition to these external tests, teachers would carry out their own tests in all aspects of English, mathematics and science.

VOCATIONAL EDUCATION

During his speech on 4 January, Mr Clarke said that the Government would encourage vocational examining bodies to devise pre-vocational qualifications for 16-year-olds which certify attainment in the whole or parts of National Curriculum foundation subjects. As with the GCSE, this would mean adoption of the National Curriculum ten-level attainment scale. Vocational examining bodies would also be expected to develop qualifications covering subjects outside the National Curriculum for those 14- and 15-year-olds wanting a distinctly pre-vocational curriculum.

On 13 December 1990, the Minister of State at the Department of Education and Science, Mr Tim Eggar, disclosed that from September 1991 state schools would be encouraged to offer courses designed by the Business and Technician Education Council (BTEC—see pp 112-3, 1989) to 16- to 19-year olds. BTEC courses lead to work-related qualifications at different levels in such subjects as business and finance, computing, design, and hotel and catering studies. Some BTEC qualifications are accepted for entry into higher education.

LOCAL MANAGEMENT OF SCHOOLS AND OPEN ENROLMENT

Since April 1990 local education authorities in England and Wales have been obliged to delegate responsibility for the major part of school budgets to all secondary schools and primary schools with more than 200 pupils under the terms of the Education Reform Act 1988.

The Secretary of State for Education and Science said in his speech on 4 January that proper delegation of authority raised performance, morale and responsiveness to consumers and reduced bureaucracy; schools should, therefore, be given real responsibility so that headteachers and governors were directly accountable to parents, taxpayers and employers. He noted that one in eight schools in England already controlled its budget and that by April 1991 one in four would do so.

The proportion of the budget delegated to schools had varied greatly between local education authorities. Hence, the Government had decided that by April 1993, 85 per cent of a school's potential budget would have to be fully delegated to the school and 80 per cent of that delegated budget would have to be directly linked to pupil numbers. Delegated budgeting would be extended to all schools, including those special schools which wanted to take control of their budgets (see pp 437-8, 1990), by April 1994; applications from individual schools wishing to assume delegated authority before that date would be considered.

The policy of open enrolment, whereby English and Welsh secondary schools are required to admit pupils up to the limit of their available physical capacity if there is sufficient demand, was to be extended to all primary schools from September 1992. As a result, the Government believed that it should be easier for parents to send their children to the school of their choice.

More open enrolment combined with fuller local management of budgets would ensure that the size of school budgets was determined by the number of pupils which schools could attract and that schools would control more of their budgets. In this way, primary and secondary schools should become more responsive to the wishes of parents and be able to drive up standards.

Mr Clarke said that he regarded local management of school budgets as the first real step towards greater autonomy. As grant-

maintained status represented a further step in this direction, the Government intended to encourage the growth of the grant-maintained sector.

GRANT-MAINTAINED SCHOOLS

Since November 1990 all English and Welsh schools have been eligible to apply for grant-maintained status following a balloting of parents. Until then, only secondary schools and primary schools with more than 300 pupils were permitted to do this.

Grant-maintained schools are outside local education authority control, being directly financed by central government and run by boards of governors. A total of 50 are now in operation and nine more schools have received government approval to 'opt out' of the local authority system; parents at a further 27 have voted in favour of opting out and ballots are pending at 37 schools.

EDUCATION-BUSINESS LINKS

Under a new government initiative announced by the Secretary of State for Employment, Mr Michael Howard, on 5 December 1990, Training and Enterprise Councils (see pp 385-6, 1990) have been invited to apply for funds to launch and extend local education business partnerships (see p 396, 1990) in collaboration with local education authorities and other organisations.[1] Partnerships will be able to use the funding to support work experience for students and teachers, promote business visits to schools and science and technology projects, and to develop a wide range of innovatory activities.

TEACHERS

In his speech on 4 January, Mr Clarke said that if schools were given more control over their own management and finances, they would be able to use teachers more efficiently. Reform of teacher education had focused on providing more opportunities for trainee teachers to gain practice in schools; the articled teacher scheme (see below) was building on this approach. Further improvements in teacher training included ensuring that teacher training courses took full account of the impact of the National Curriculum and that lecturers in teacher training institutions spent at least a term (roughly three months) in school every five years.

Teacher Appraisal

On 10 December 1990 Mr Clarke announced that, following a consultation exercise, the Government had decided that local-education authority and grant-maintained schools in England and Wales (see above) would be required to appraise teachers regularly in order to help them develop their professional skills and improve the education of their pupils. Formal teacher appraisal, which was provided for under the Education (No 2) Act 1986 (see pp 239-40, 1986), would be introduced gradually over the next four years. The Government hoped that by the end of 1992-93 half of all teachers now in service would have had their first appraisal and that by August 1995 all teachers would have been appraised.

Appraisal would take place every two years and would involve a senior colleague observing a teacher's work in the classroom. This would be followed by an interview in which the appraiser would discuss the teacher's professional conduct and set targets for future action.

Pay and Conditions

The School Teachers' Pay and Conditions Bill, which applies to England and Wales, received its second reading in the House of Commons on 27 November 1990 (see *Hansard*, Vol 181, No 15, cols 741-834). It provides for direct national negotiations on salaries and conditions between a local education authority and other employers of teachers in the maintained sector and teachers' trade unions; recommendations would be made to the Government based on the outcome of these negotiations. At present school teachers' pay, duties and working time are determined by the Government on the advice of an independent advisory committee.

Under the Bill, there would be a deadline for the completion of negotiations and clear means of resolving deadlocks. The Govern-

[1] For further information see COI reference papers *Training Policy in Britain*, No 330/90, and *Education-Business Links in Britain*, No 318/89.

ment would have reserve powers to refer back to the negotiating body any aspect of agreed settlements which it opposed and to impose its own settlement. If the negotiating body failed to reach agreement by the deadline, it would be possible to refer matters to an advisory committee, which would make recommendations on a settlement to the Government. Individual local education authorities and grant-maintained schools would be able to opt out of the national arrangements and determine the pay and conditions of teachers locally.

Subject to parliamentary approval, the first settlement to be decided under the new arrangements would take effect from April 1992.

Recruitment to Teacher Training Courses

The Government's latest annual survey of new entrants to courses of initial teacher training in England and Wales published on 27 November 1990[1] shows that there was an increase of 9 per cent in the overall number of new students between 1989 and 1990; 47 per cent more new entrants registered on courses in 1990 than 1983. Recruitment to primary education courses rose by 12 per cent in 1990 to 14,300, while the numbers enrolling on secondary education courses grew by 6 per cent to 9,500. In the subjects for which there is a shortage of teachers—mathematics, physics, chemistry, design and technology, business studies and modern languages—recruitment increased by 8 per cent to 4,100, with modern languages courses attracting over 30 per cent more students.

Just over half of all students beginning initial teaching training were taking courses leading to the Postgraduate Certificate in Education (PGCE), of whom three-quarters were preparing to teach in secondary education. A third of the total number of students starting primary education courses were on PGCE courses compared with under a quarter in 1983. The articled teacher pilot scheme, which began in 1990, attracted 400 students, of whom 129 were training to teach shortage subjects. Under the scheme, trainees assume a progressively greater teaching load, formal training being provided both in initial teacher training institutions and in school by college tutors and school teachers.

One-third of all entrants to courses in 1990 were mature students (26 years of age or over). They made up more than 50 per cent of students on business studies and design and technology courses and over 40 per cent on courses in art, modern languages, mathematics and science.

[1] The main findings of the survey are outlined in Department of Education and Science news release No 382/90, 27.11.90.

BBC World Service Television

The BBC has announced plans to develop a television service along the lines of BBC World Service radio. The new service, to be transmitted worldwide by satellite, will feature television news bulletins as well as programmes shown on the two existing BBC television channels.

The BBC (British Broadcasting Corporation) began developing plans for a World Service[1] television news programme in the mid-1980s and believes that the Gulf crisis (see pp 3-8) demonstrates more clearly than ever the need for such a service. BBC TV Europe already operates a satellite television service based on BBC television programme output (see below), and 'off-air' sales of BBC 1 and 2 television channel programmes are made to cable operators in the Netherlands, Belgium, France and the Irish Republic.

World Service Television

BBC TV International, a subsidiary body, will begin operating the new international satellite television service, which is to be modelled on BBC TV Europe, early in 1991. It will comprise a new World Service Television News programme, the best of BBC 1 and 2 programmes and English language teaching programmes produced by BBC English, a specialist department of the World Service. World Service Television News will be sold in

[1] For further information on BBC World Service radio, see COI reference pamphlet *Television and Radio in Britain*, No 69/90.

English and different language versions for re-broadcasting throughout the World.

BBC World Service Television News will incorporate pictures from NBC (National Broadcasting Company of the United States) and Visnews (a major television news agency); it will also draw on the resources of BBC Monitoring, which reports on foreign broadcasts. In addition to existing BBC television news coverage, it will include specially recorded material. The programme will combine the editorial priorities and global news agenda established by BBC World Service radio news with the facilities offered by the BBC television news and current affairs service.

BBC TV International is to be financed by BBC Enterprises, the commercial arm of the BBC; there will be no licence fee or taxpayers' money involved. It will continue to market BBC 1 and 2 off-air for cable system relay.

BBC TV Europe

BBC TV Europe is already seen in nearly 7 million homes across Europe. It broadcasts for 18 hours a day, using a satellite to relay a service based on BBC 1 and 2 transmissions. There are direct subscribers throughout the continent, and distribution agreements have been signed with local television operators in 22 European countries and with the offshore oil industry.

Shorter Notes

PLANNING

The Government has decided that developers who make a planning application must advise property owners of their rights. This and other amendments to the planning system are proposed as a result of a consultation exercise launched in April 1990.

The outcome of this exercise was announced in the House of Commons on 11 December 1990 by Mr Tim Yeo, Parliamentary Under-Secretary of State for the Environment. He said that the Government would proceed with the following proposals:

1 the inclusion of a statement of owners' property rights on the form which applicants for planning permission are required to serve on the owners and others with an interest in the land;

2 granting licensed operators of driver information systems permitted development rights to install the necessary equipment, subject to limitations on size and height;

3 amending the restriction on the use of factory and warehouse extensions built under the Town and Country Planning General Development Order 1988 to allow social, welfare and recreational uses ancillary to the main function of the site; and

4 including dry-cleaning establishments in the shops class of the Town and Country Planning (Use Classes) Order 1987.

A statement on owners' property rights would be included because the Government was aware that owners sometimes felt pressurised when notified of planning applications for the development of land which included part of their property. The notice which applicants have to serve on landowners would in future make it clear that planning permission does not affect owners' rights to retain or dispose of their property as they choose.

Recent legislation has enabled private sector operators to establish route guidance systems under licence from the Department of Transport (see p 296, 1989). Such systems require the installation of equipment beside the road to gather information on traffic and to relay it to motorists. The proposed amendment would enable operators to provide such equipment without specific planning permission for every installation.

An extension to an industrial building or warehouse made under the General Development Order can at present be used only for industrial or warehousing purposes. The proposed amendment would facilitate the provision of social clubs for those who worked on the site. It would also make it easier to provide workplace child-care facilities.

The inclusion of dry-cleaning establishments within the shops class would mean that permission for a change of use would no longer be required to set up a dry-cleaning business in retail property.

The Government will not proceed with proposals to include launderettes within the shops category of the Use Classes Order. Nor

will it extend permitted development rights to cover the installation of postal pouch boxes and liquefied gas tanks within dwelling-houses.

Sources: *Hansard*, Vol 182, No 25, written answers, cols 368-9; Department of the Environment news release, 11.12.90.

NATIONAL PARKS

Government funding for the National Parks in 1991-92 will rise by 20 per cent in England and 11 per cent in Wales, it has been announced.

The Government meets three-quarters of National Park expenditure through National Park Supplementary Grant. The remaining 25 per cent is paid for by the relevant local authorities. Visiting Dartmoor National Park on 14 December 1990, Mr Tony Baldry, Parliamentary Under-Secretary of State for the Environment, said that the Government would demonstrate its commitment to the National Parks by increasing its funding for the seven English Parks to £12 million in 1991-92, an increase of 20 per cent on the previous year's figure. He added that government support for the Parks was now some 30 per cent higher in real terms than in 1979-80. The additional resources that he was announcing would enable the authorities to continue work to counter physical erosion of the Parks and to respond to demands for environmental education.

An increase of 11 per cent in provision for the three National Parks in Wales was announced in the House of Commons on 3 December 1990 by the Minister of State for Wales, Sir Wyn Roberts. He said that National Park Supplementary Grant would rise to £3·8 million in Wales in 1991-92. Since 1982-83 it had risen by 37 per cent in real terms.

Sources: *Hansard*, Vol 182, No 19, written answers, col 36; Department of the Environment news release, 14.12.90.

NATIONAL HEALTH SERVICE TRUSTS

The Secretary of State for Health, Mr William Waldegrave, announced on 4 December 1990 that he had approved 56 out of the first 66 applications to establish National Health Service (NHS) trusts. The trusts will be established from 1 April under the provisions of the National Health Service and Community Care Act 1990 (see pp 29-35, 1990). Mr Waldegrave said that the scale of the response to the trust initiative showed the 'enthusiasm of those working in the NHS to take advantage of the benefits of trust status'. Eventually he expected to see trust status becoming 'the natural model for all units providing patient care'. He continued: 'NHS trusts are a central element in our plans for reforming the NHS and improving the services which it provides to patients. While remaining firmly a part of the NHS, trusts will have wide-ranging and significant powers of self-determination which will enable them to deliver high quality patient care and to provide greater job satisfaction to their employees.' Mr Waldegrave also announced that he had agreed that a further 111 hospitals and other NHS units could begin to prepare firm proposals to become NHS trusts on 1 April 1992.

Source: *Hansard*, Vol 182, No 20, written answers, cols 77-82.

FUNDING FOR HAEMOPHILIACS INFECTED WITH HIV

In a statement to the House of Commons on 11 December 1990 the Secretary of State for Health, Mr William Waldegrave, announced the Government's intention to provide additional funding of about £42 million to the Macfarlane Trust, which provides financial and other help to haemophiliacs infected with the AIDS virus and to their families, according to their respective circumstances (see pp 480-1, 1989).

The new funding is in response to proposals put forward by the steering committee of solicitors representing the HIV haemophiliac plaintiffs for the settlement of litigation between them and the Department of Health. Mr Waldegrave said: 'We believe our case is legally strong and that the plaintiffs would not succeed in proving negligence on the part of the Department of Health. Nonetheless the Government have always recognised the very special and tragic

circumstances of the haemophiliacs infected by HIV and of their families.'

The additional funding of £42 million would be in addition to the £34 million already paid to the Macfarlane Trust. The Government has agreed that payments from the Trust will continue to be disregarded for social security purposes and has also agreed to meet the plaintiffs' legal costs.

The proposed settlement will require the formal approval of all individual plaintiffs. If accepted it would apply throughout Britain.

Source: *Hansard*, Vol 182, No 25, written answers, col 365.

INTERNATIONAL DRUGS-TESTING AGREEMENT

British sports authorities can now test Australian and Canadian athletes for use of proscribed drugs when they compete or train in Britain under an agreement signed on 19 December 1990 by the British Minister for Sport, Mr Robert Atkins, and ministers from Australia and Canada. Australian and Canadian authorities have reciprocal powers. The agreement also provides for an exchange of information on national drugs-testing programmes and on research projects and education programmes (see p 482, 1989).

Source: Department of Education and Science news release, 19.12.90.

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Woodham Lane, New Haw, Weybridge, Surrey KT15 3NB. £1·95.

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Further Information Points

Ministry of Agriculture, Fisheries and Food, 3 Whitehall Place, London SW1A 2HH.

Central Statistical Office, Government Offices, Great George Street, London SW1P 3AQ.

HM Customs and Excise, New King's Beam House, 22 Upper Ground, London SE1 9PJ.

Ministry of Defence, Main Building, Whitehall, London SW1A 2HB.

Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

Department of Energy, 1 Palace Street, London SW1E 5HE.

Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Foreign and Commonwealth Office, King Charles Street, London SW1A 2AH.

Department of Health, Richmond House, 79 Whitehall, London SW1A 2NS.

Home Office, Queen Anne's Gate, London SW1H 9AT.

Board of Inland Revenue, Somerset House, London WC2R 1LB.

Office of the Minister for the Civil Service, Government Offices, Horse Guards Road, London SW1 3AL.

Northern Ireland Information Service, Stormont Castle, Belfast BT4 3ST.

Overseas Development Administration, Eland House, Stag Place, London SW1E 5DH.

Scottish Information Office, New St Andrew's House, Edinburgh EH1 3TD.

Department of Social Security, Richmond House, 79 Whitehall, London SW1A 2NS.

Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

Department of Transport, 2 Marsham Street, London SW1P 3EB.

HM Treasury, Parliament Street, London SW1P 3AG.

Welsh Office, Cathays Park, Cardiff CF1 3NQ.

Written and prepared for the Foreign and Commonwealth Office
by Reference Services, Central Office of Information, London

Printed in the UK for HMSO. Dd 8932191 R 1394 JANUARY/1991

-11-728876-4

9 780117 288768

Annual subscription including
postage **£29.00 net**
Single issues **£2.45 net**
Index **£1.20 net**

ISSN 0039-6214

Printed in the United Kingdom for HMSO
Dd 8932191, C7, 12/90, GP 3385/2, CCN 16268